

The Club at Norwich Inn & Spa
Capital Improvement Project
and Reserve Analysis Report
March 12, 2018



National Consulting Group, Inc.
Richard Filloramo - President
225 Grandview Drive
Glastonbury, CT 06033
860-202-8444
rfilloramo@ncg-ct.com

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EXECUTIVE SUMMARY

The Club at Norwich Inn & Spa is located on 12.51 acres of land in the Town of Norwich, County of New London and State of Connecticut. There are 160 units in 20 buildings that were constructed from 1986 to 1989. The buildings are located adjacent to one main road, which connects the access points as indicated on the Site Plan. There are other property and utility easements as indicated on the site plan. There is common property, roads, sidewalks, landscaping, ponds, parking, lights and other elements. There are two clubhouses, two pools, a mailhouse, and one storage building. There are no tennis courts, as they were removed. Please see Property Description for more information.

The Association did not accumulate substantial reserve funds over the past 31 years and collected annual assessments to perform maintenance, reserve projects and capital improvement projects on an as-needed basis. The work performed was not complete nor inspected, and not in accordance with industry standards. Perhaps, there was more concern with the common fee than the integrity of the complex. While this is not prudent, it is common among some aging condominium complexes in Connecticut and in the country.

In general, the property and buildings at The Club at Norwich Inn and Spa are in poor condition because of the lack of maintenance, poor workmanship and deferred maintenance. The roads, walks, site elements, entrance terraces, rear decks, and other elements noted in this report are in very poor condition. While some of these elements have had some maintenance, others require immediate attention. The lack of maintenance has caused the Association to spend unnecessary funds on emergency repairs, leaks and other maintenance. It has also caused the Association to be forced to purchase excess lines of insurance. The deferred maintenance has caused some projects to actually cost more than normal because damage has escalated.

The Association Reserve Balance on December 31, 2017 was approximately \$240,000. There are insufficient funds to perform the necessary capital improvement and future reserve projects, therefore a loan is required. **This report presents two (2) Capital Improvement & Reserve Schedule Cost Options with a loan which meet the requirements of the Reserve Schedule. The Default Estimated Assessment Study for 2018 indicates the requirements to perform repairs on an as-needed basis and serves as a baseline fee for comparison to the Loan Options.**

The costs indicated in the Capital Improvement Project - Estimated Cost Schedule and Reserve Schedules are general BUDGET cost estimates only. Refer to photos, details, drawings and other references as noted. NCG requested additional information and permission to proceed with a more in-depth review and a unit owner survey. The Board deferred this request in an effort to save time, consulting costs, as well as to be able to produce a preliminary report in time for the January 27, 2018 Unit Owner's Meeting. The Board also noted the records may not be available or accurate, and some of the previous work was not up to standards. Therefore, only assumptions and estimates are used for the items noted. Additional reviews will be initiated at a later date.

This report has been substantially revised from the 01/24/18 preliminary report and presentation of 01/27/18 based on unit owner comments and further review by the board. The bank loan rates have increased from 4.88% to 5.28% and these new rates have been incorporated into this report, thus slightly increasing the estimated common fees from the 01/24/18 report. Copies of the previous report were distributed to unit owners who attended the 01/27/18 meeting and are attached.

EXECUTIVE SUMMARY

UNDERSTANDING THE ASSOCIATION COMMON FEE

First, unit owners need to understand how the operating budget common charges are proportionally calculated for the Studio and Duplex Units. The math, which is based on the Association By-Laws, is shown in the Common Fee Distribution Worksheet (page 37). The Studio multiplication factor is 0.96385 and the Duplex multiplication factor is 1.06021. This equates to Studio Units at **\$309.57** per month and Duplex Units at **\$340.52** per month.

At the January 27, 2018 Unit Owners Meeting, the 2018 Annual Operating Budget was presented and was ratified without a vote or discussion because there was less than 51% in attendance. The common fees for the proposed 2018 operating budget (ONLY) are to remain the same as 2017. This equates to Studio Units at **\$309.57** per month and Duplex Units at **\$340.52** per month. At the January 27, 2018 Unit Owners Meeting the presentation of the preliminary Capital Improvement Project and Reserve Analysis Report was for information only. The Board did not present any 2018 proposals for assessments, typically about \$160,000 per year, because this was covered in the report and presentation. Also, the assessment is generally not evaluated until the spring or summer. The Board assumed unit owners would eventually select one of the Loan Options and assessments would no longer be needed.

COMMON FEES FOR 2017

There are two components to a typical *Condominium Budget* and operation; the general operating operation and the reserve / capital projects work. Most Associations have one monthly common fee which usually provides sufficient funding for both components as indicated in the operating budget and reserve schedule. In 2017, and in previous years, the Club at Norwich Inn & Spa separated the fees for these two components and had common fees for the operating budget, (Studio Units at **\$309.57** and Duplex Units at **\$340.52**) and **ASSESSMENTS** to partially fund the reserve and capital improvement projects.

For the past two years the Association collected \$160,000 in Assessments to fund reserve projects on an as-needed basis. See below and 2017 Common Fee Distribution Worksheet on page 38.

Studio Units paid: \$160.64 a month for 6 months = \$ 96,386 / This equals **80.32/mo** average for year
Duplex Units paid: \$176.70 a month for 6 months = \$ 63,614 / This equals **88.35/mo** average for year
Total Assessment Collected = \$160,000 (All calculations are rounded)

In order to fairly evaluate the 2 Capital Improvement Loan Options presented, the 2017 operating common fees and assessment fees are combined into an equivalent monthly fee for a 12-month period.

Studio Units = Operating \$309.57 + \$80.32 = **\$389.89**

Duplex Units = Operating \$340.52 + \$88.35 = **\$428.87**

The purpose of the Capital Improvement Project and Reserve Analysis Report is to get the Association back on track on a standard condominium combined operating and reserve project operating budget with one (1) monthly fee and away from the assessment policy. The assessment policy has left the Association in poor condition because of the lack of maintenance, poor workmanship and deferred maintenance and in need of a Capital Improvement Loan.

EXECUTIVE SUMMARY

DEFAULT: ASSESSMENT STUDY FOR 2018

The Default Estimated Assessment Study for 2018 indicates the requirements to perform repairs on an as-needed basis that does **not meet the requirements of the Reserve Schedule**. It only partially funds capital and reserve projects or provides funds for repairs. It is presented to illustrate what unit owners would pay in 2018 for a combined operating common fee and assessment fee in the event the 2 Loan Options are not approved by unit owners. It also serves as a baseline fee for comparison to the Loan Options presented.

The repairs and costs listed below are only estimates for 2018 and it is possible additional funding may be required. The amounts indicated for each item may be adjusted as required and used for other items or new repairs that may arise. This total does not include improvements required by the new insurance company, attic insulation and crawl space repairs (About \$200,000).

Norwich Inn & Spa - 2018 Assessment Projects - Estimated			
1	2018 Estimated Reserve Projects	Cost	
2	Asphalt Repairs and Patch	15,000.00	
3	Site Elements - Trees & Pruning	23,500.00	
4	Site Elements - Retaining Walls	10,000.00	
5	Site Elements - Concrete Walks	15,000.00	
6	Rear Decks	30,000.00	
7	Entrance Stairs & Terraces	62,000.00	
8	Trim Repairs & Painting	34,000.00	
9	Windows & Skylights	10,000.00	
10	Deck Doors	12,000.00	
11	Other & Unknown	5,875.00	
12	Improvements	5,000.00	
13	2018 Total Costs	222,375.00	1,389.84
14	Using \$1390 as Annual Assessment the Per Unit Type =		
15	Studio Unit Assessment 2018	1,340.00	111.67
16	Duplex Unit Assessment 2018	1,474.00	122.83

The total cost of \$222,375 is divided by 160 units and equals \$1,389.84 which is rounded to \$1,390. The Studio multiplication factor is 0.96385 and the Duplex multiplication factor is 1.06021. See next page.

The resulting assessment for the Studio Units would be \$1,340 (\$1,390 x .96385). This equates to \$111.67 per month for a 12-month period. Therefore, the 2018 combined total monthly fee for the Studio Units is \$421.24 (Operating \$309.57 + Assessment \$111.67) Rounded to **\$422**.

The resulting assessment for the Duplex Units would be \$1,474 (\$1,390 x 1.06021). This equates to \$122.83 per month for a 12-month period. Therefore, the 2018 combined total monthly fee for the Duplex Units would be \$463.35 (Operating \$340.52 + Assessment \$122.83). Rounded to **\$464**.

EXECUTIVE SUMMARY

DEFAULT ASSESSMENT STUDY FOR 2018 (Continued)

Since the 2018 fiscal year is already in progress, the assessments would have to be collected in installment payments, as required by the Board, to perform the work during warm climate conditions.

NCG, as the engaged consultant for this report and study, is professionally obligated to provide conclusions and recommendations. These recommendations may or may not be consistent with those of the Board of Directors. NCG, as the engaged consultant for this report and study, does NOT recommend an assessment as a course of action as it does not meet the requirements of the Reserve Schedule and only partially funds capital and reserve projects or provides funds for repairs only. This policy of deferred maintenance has left the Association in poor condition and in need of a Capital Improvement Loan.

The Club at Norwich Inn & Spa - 2018 Assessment Distribution						
Calculation of Fees for \$222,375 Estimated Assessment for 2018						
#	Percentage - Bylaws	Fraction	Budget	Units	Check	Fee
1	Studio 10/1660	0.006024	222,375	100	133,961	111.63
2	Duplex 11/1660	0.006627	222,375	60	88,414	122.80
3	Totals & Average			160	222,375	115.82

#	Studio Units - 2018	Fee	Notes
1	2018 Common Fee	309.57	Ratified
2	2018 Assessment	111.63	Estimated
3	2017 Total Fee	421.20	Rounded to \$422 in Report

#	Duplex Units - 2018	Fee	Notes
1	2018 Common Fee	340.52	Ratified
2	2018 Assessment	122.80	Estimated
3	2017 Total Fee	463.32	Rounded to \$464 in Report

If the policy of collecting assessment to fund reserve and capital continues some future assessments would become rather excessive. Some examples:

2019: Roads \$444,000 / 160 units - \$2750 (Studio = \$2650 / Duplex = \$2916), then add the same assessment for items listed on page 5 for a total of Studio \$3990 and Duplex \$4390.

2020: Standard Items from page 5 (\$222,375), plus \$200,000 for attic insulation and crawl spaces and funding for insurance requirements (Estimate \$80,000), and additional funds for deck and entrance terrace repairs and replacement (\$100,000) plus additional funds for siding repairs and painting of about \$50,000. Total = \$602,375 / 160 = \$3765 (Studio = \$3629 / Duplex = \$3992).

There would insufficient funds in the reserves to cover these expenses and reducing reserves below \$300,000 would not satisfy bank requirements for a loan.

EXECUTIVE SUMMARY

OPTION 1: 3-MILLION-DOLLAR LOAN 20 Year Term with 10 Year Reset/Refinance

While there are always unknowns, Option 1 provides sufficient funds to complete the anticipated capital improvement projects and reserve projects that have been neglected for the past 30 years. Option 1 includes all capital improvements listed, such as roads, site, decks, terraces and others to be completed in 3 years so the community is restored to **excellent** condition. Please see the Estimated Cost Schedule (pages 11 & 12) and the Reserve Schedule (pages 39 -42) for detailed information. Option 1 requires a loan of 3 million dollars to capitalize the 2.9-million-dollar cost of the projects, and future reserve projects, as shown in the Cost Schedule and Reserve Schedule. The work is distributed from 2018 to 2020 to allow time to coordinate and complete the work. The loan does NOT provide sufficient funds for the 20-year reserve plan and in ten years (2028), a new refinanced loan of 3.0 million dollars will be required at the rates in 2028. See loan notes that follow. This includes the principal balance of 1.87 million and an additional 1.13 million which will be required to capitalize the remaining reserve projects.

It should be noted, there is the possibility that costs for certain projects can be reduced (such as decks) and those funds used for other projects. Please review the summary table below and detailed information in the report which follows.

OPTION 1 – SUMMARY TABLE

Loan Amount: 3 Million Dollars at 5.28% -10/20 - Loan rate resets in 10 years

Plan Duration / Life Cycle: 10/20 Year Reserve Schedule - 20 Year Life Span

Assessments: None Anticipated

Resulting Fee for Studio Units: **\$438**

Resulting Fee for Duplex Units: **\$482**

LOAN NOTES:

The 20-year, 5.28 (%) percentage rate used in the loan calculations is the current rate and will fluctuate based on market conditions. The final rate used to calculate the loan cost and resulting fee will be established when the loan is approved by unit owners and the bank and the loan initiated. The 5.28%, or whatever rate is established, is a 10-year rate and will reset after 10 years to the then current rate. This is typical of Condominium Commercial Loans.

In 10 years there is a principal balance of about \$1,870,200. Based on the reserve schedule for Option 1, the roofs, painting and other projects will need another 1.130 million dollars. This equates to a new 3-million-dollar loan. The original loan resets and at the same time becomes a refinanced loan. If the rate stays at 5.28% for example, the loan payment basically stays the same at \$127/mo when amortized over another 20 years. The loan would reset and/or be refinanced in 10 years again at the then current rate. The rates and bank policies could change in 10 years and require payment in 10 or 15 years or as negotiated at the time of the new loan.

Option 1 includes an escalating reserve contribution as indicated in the Reserve Schedule of \$1 to \$2 per month or \$12 to \$24 for the year. It is typical to have an increase in reserve contributions in the reserve schedule to coincide with the increased costs of projects in future years. This minimal amount is added to the common fee in future years along with any other normal operating cost increases (if any). It is also possible no common fee increase would be required if other operating expenses are decreased.

EXECUTIVE SUMMARY

OPTION 2: 3-MILLION-DOLLAR LOAN 15 Year Term

While there are always unknowns, Option 2 provides sufficient funds to complete the anticipated capital improvement projects and reserve projects that have been neglected for the past 30 years. Option 2 includes all capital improvements listed, such as roads, site, decks, terraces and others to be completed in 3 years so the community is restored to **excellent** condition. Please see the Estimated Cost Schedule (pages 11 & 12) and the Reserve Schedule (pages 43 -46) for detailed information. Option 2 requires a loan of 3 million dollars to capitalize the 2.9-million-dollar cost of the projects, and future reserve projects, as shown in the Cost Schedule and Reserve Schedule. The work is distributed from 2018 to 2020 to allow time to coordinate and complete the work. The loan will be completely paid off in 15 years but does NOT provide sufficient funds for the 20-year reserve plan and in 15 years (2033), a new reserve study and loan amount will be required. A minimum of 1.2 Million is required to fund the current 20-year Reserve Schedule. See loan notes that follow.

It should be noted, there is the possibility that costs for certain projects can be reduced (such as decks) and those funds used for other projects. Please review the summary table below and detailed information in the report which follows.

OPTION 2 – SUMMARY TABLE

Loan Amount: 3 Million Dollars at 5.28% - 15 Year Term

Plan Duration / Life Cycle: 15/20 Year Reserve Schedule - 20 Year Life Span

Assessments: None Anticipated

Resulting Fee for Studio Units: **\$462**

Resulting Fee for Duplex Units: **\$508**

LOAN NOTES:

The 15-year, 5.28 (%) percentage rate used in the loan calculations is the current rate and will fluctuate based on market conditions. The final rate used to calculate the loan cost and resulting fee will be established when the loan is approved by unit owners and the bank and the loan initiated.

In Option 1 (previous page), the roofs and gutters are scheduled to be replaced in 25 years. In this Option 2, the roofs and gutters are scheduled to be replaced in 30 years.

Option 2 includes an escalating reserve contribution as indicated in the Reserve Schedule of \$1 to \$2 per month or \$12 to \$24 for the year. It is typical to have an increase in reserve contributions in the reserve schedule to coincide with the increased costs of projects in future years. This minimal amount is added to the common fee in future years along with any other normal operating cost increases (if any). It is also possible no common fee increase would be required if other operating expenses are decreased.

EXECUTIVE SUMMARY

COMMON FEE SUMMARY

STUDIO UNITS

1. Last Year: 2017 Common Fee with Assessment = \$390 / mo. Reserve Funding \$ 160,000
2. Default: 2018 Common Fee with Assessment = \$422 / mo. Reserve Funding \$ 222,375
3. Option 1: 2018 Common Fee with 3 Mil / 20yr = \$438 / mo. Reserve Funding \$3,000,000
4. Option 2: 2018 Common Fee with 3 Mil / 15yr = \$462 / mo. Reserve Funding \$3,000,000

DUPLEX UNITS

1. Last Year: 2017 Common Fee with Assessment = \$429 / mo. Reserve Funding \$ 160,000
2. Default: 2018 Common Fee with Assessment = \$464 / mo. Reserve Funding \$ 222,375
3. Option 1: 2018 Common Fee with 3 Mil / 20yr = \$482 / mo. Reserve Funding \$3,000,000
4. Option 2: 2018 Common Fee with 3 Mil / 15yr = \$508 / mo. Reserve Funding \$3,000,000

CONSULTANTS (NCG) CONCLUSIONS & RECOMMENDATIONS

NCG, as the engaged consultant for this report and study, is professionally obligated to provide conclusions and recommendations. These recommendations may or may not be consistent with those of the Board of Directors.

The Default Estimated Assessment Study for 2018 is to perform repairs on an as-needed basis that does not meet the requirements of the Reserve Schedule. It only partially funds capital and reserve projects or provides funds for repairs. NCG, as the engaged consultant for this report and study, does NOT recommend this as a course of action as this policy of deferred maintenance has left the *Association in poor condition and in need of a Capital Improvement Loan*. The repairs and costs listed are only estimates for 2018 and it is possible additional funding may be required.

While there are always unknowns, Options 1 and 2 provide sufficient funds to complete the anticipated capital improvement projects and reserve projects that have been neglected for the past 30 years. The roads, site, decks, terraces and other projects noted are to be completed in 3 years, so the community is restored to excellent condition. ***This creates a new and restored community and should assist at increasing sales and the market value of the units.*** Unit owners just need to decide between the 10/20-year term and 15-year fixed rate term. While the principal loan of 3-million-dollars is the same, there is about a \$24-\$26 common fee increase with the 15-Year fixed loan. Of course, the loan rate is constant while the 20 Year loan resets in 10 years to the then current rate. The 10/20 Year loan does provide for a more conservative approach for roof and gutter replacement in 25 years rather than 30 years, thus reducing the potential for additional funding.

It is important to remember the Cost and Reserve Schedules are based on estimates only, and costs could vary. It is sometimes prudent to stay with the higher estimates, and shorter expected life-spans especially with aging condominiums with the potential for hidden damage. Therefore, Option 1 may be the best approach based on NCG's analysis.

EXECUTIVE SUMMARY

CONSULTANTS (NCG) CONCLUSIONS & RECOMMENDATIONS

See the Condo Fee Summary on page 12 for an illustration of the fee comparisons below.

It is important to realize the average monthly common fees for 2018 with the estimated default assessment will be **\$422** for the Studio Units and **\$464** for the Duplex units. This is a required \$32 to \$35 monthly common fee increase from 2017 which covers the increased assessment (\$160,000 to \$222,375) for escalating repairs. These fees form a baseline comparison for the loan options.

Option 1, 10/20 Year Term Loan, therefore only requires an addition of \$16 to \$18 per month over the 2018 anticipated fees yet provides 3-million-dollars for restorations as opposed to the Default Assessment of \$222,375. This is a substantial increase in funding for \$16 to \$18 per month or \$193 to \$216 per year. Loan Option 1 would result in a \$48 to \$53 dollar increase in monthly common fees when compared to past years (2017) common fees.

Option 2, 15-Year Term Loan, therefore requires an addition of \$40 to \$44 per month over the 2018 anticipated fees yet provides 3-million-dollars for restorations as opposed to the Default Assessment of \$222,375. This is a substantial increase in funding for \$40 to \$44 per month or \$480 to \$528 per year. Loan Option 2 would result in a \$72 to \$79 dollar increase in monthly common fees when compared to past years (2017) common fees.

It is also important to realize the ratified 2018 operating budget will have to be revised or amended depending on which Option is approved by unit owners in accordance with the Association By-Laws. In the loan options, the operating maintenance budget is decreased by \$6 per month and the Reserve Contribution is increased by \$13 per month. The new fees for the loans are combined into the fee schedule so unit owners have one common fee which includes the operating and reserve expenses.

Copies of the previous report were distributed to unit owners who attended the 01/27/18 meeting and are attached. Many additional options were reviewed and are available for review upon request.

A great deal of time was expended to achieve these results, and extensive cost comparisons and inter-related statistical calculations were required. However, this provides substantial back-up and explanations for the proposed plans to assist unit owners in their evaluation.

THE PLAN – MOVING FORWARD

Many of the Capital Improvement work items need immediate attention in the spring or summer of 2018, as prolonging this work will lead to escalated damage and costs, as well as the potential for increased insurance costs. As noted, the costs established in this report are Budget Estimates Only as time did not permit for additional investigation. The January 27, 2018 Unit Owner's Meeting was intended to be informational, so unit owners can review the report, ask questions and provide comments. The Board used this input to revise the report for a formal vote.

Once the Unit owners approve one of the options, detailed specifications will be created, and contractor proposals can be solicited, submitted and reviewed. This way, consulting funds and time are not wasted as the scope of the project will be controlled by the option approved.

EXECUTIVE SUMMARY

NORWICH INN & SPA - CAPITAL IMPROVEMENT ESTIMATED COST SCHEDULE (03/12/18)				
#	Capital Expenditure / Reserve Component	Default Assessment	Option 1	Option 2
1	Administration, Clerk, Consultants, Legal, Loan Fees, Other	0	153,000	153,000
2	Asphalt Roads & Parking - New	15,000	444,000	444,000
3	Site Elements: Trees, Walls, Lights, Fences, All	48,500	250,000	250,000
4	Rear Decks - PT Decking & Synthetic Rails	30,000	320,000	320,000
5	Entrance Stairs & Terraces - PT Decking & Synthetic Rails	62,000	915,000	915,000
6	Roofs	0	670,000	670,000
7	Painting - Exterior trim repairs	0	45,000	45,000
8	Painting - Buildings Only	34,000	240,000	240,000
9	Painting - Rear Decks & Entrance Terraces (Decking)	0	136,000	136,000
10	Windows & Skylights	10,000	300,000	300,000
11	Deck Stationary Doors & Operable - all	12,000	350,000	350,000
12	Entrance Doors & Others - Completed in 2016	0	0	0
13	Exterior Elements - Other	5,875	20,000	20,000
14	Gutters and Downspouts	0	176,000	176,000
15	Attic Insulation, Crawl Space Repairs & Other	0	200,000	200,000
16	Association Facilities: Clubhouses, Pools, Mailhouse, etc.	5,000	250,000	250,000
17				
18	TOTAL CAPITAL EXPENDITURES	222,375	4,469,000	4,469,000
19	TOTAL CAPITAL EXPENDITURES WITH INCREASES - 20 YEAR		5,279,000	5,279,000
20	CAPITAL EXPENSE 2018 to 2020		2,898,000	2,898,000

INITIAL PROJECT EXPENDITURES

In Option 1, the roofs and gutters are scheduled to be replaced in 10 years (2029) which is a 25-year life cycle. In this Option 2, the roofs and gutters are scheduled to be replaced in 16 years (2033) which is a 30-year life cycle. Initial expenditures (2018 to 2020) are indicated below.

NORWICH INN & SPA RESERVE SCHEDULE - OPTION 2		2018 to 2020				
Item #	Project Description	Current Value	20 Year Value	2018 Year 1	2019 Year 2	2020 Year 3
	Age of complex varies 1986-1989			32	33	34
1	Administration, Clerk, Consultants, Legal, Loan Fees, Other	153,000	153,000	153,000		
2	Asphalt Roads & Parking - New	444,000	444,000	444,000		
3	Site Elements: Trees, Walls, Lights, Fences, All	250,000	250,000	117,000	7,000	7,000
4	Rear Decks - PT Decking & Synthetic Rails	320,000	320,000	160,000	160,000	
5	Entrance Stairs & Terraces - PT Decking & Synthetic Rails	915,000	915,000	457,500	457,500	
6	Roofs	670,000	670,000			
7	Painting - Exterior trim repairs	45,000	45,000	45,000		
8	Painting - Buildings Only	240,000	850,000	80,000	80,000	80,000
9	Painting - Rear Decks & Entrance Terraces (Decking)	136,000	336,000			
10	Windows & Skylights	300,000	300,000	150,000	8,000	8,000
11	Deck Stationary Doors & Operable - all	350,000	350,000	175,000	9,000	9,000
12	Entrance Doors & Others - Completed in 2016	0	0			
13	Exterior Elements - Other	20,000	20,000	18,500	1,500	
14	Gutters and Downspouts	176,000	176,000			
15	Attic Insulation, Crawl Space Repairs & Other	200,000	200,000	100,000	50,000	50,000
16	Association Facilities: Clubhouses, Pools, Mailhouse, etc.	250,000	250,000	50,000	10,500	10,500
17	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE	4,469,000	5,279,000	1,950,000	783,500	164,500
18	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE-20 YR	5,279,000				2,898,000

EXECUTIVE SUMMARY

NORWICH INN & SPA - CAPITAL IMPROVEMENT ESTIMATED LOAN & FEE SCHEDULE (03/12/18)				
#	LOAN SUMMARY DESCRIPTION	Default Assessment	Option 1	Option 2
21	TOTAL LOAN REQUIRED OR ASSESSMENT OPTION	222,375	3,000,000	3,000,000
22	Current Interest Rate - Will Fluctuate		5.28%	5.28%
23	Term (20 years - Refinance after 10 years) & 15 Year		20	15
24	Assessment Option and Loan Cost per Unit (Line 21 /160)	1,390	18,750	18,750
25	Assessment Payment and Loan Payment Total for Year	18,531	20,266	24,164
26	Payment per Month / 160	116	127	151
27	Total Interest paid on loans - for information only		1,863,753	1,349,462
28	Total principal and interest paid on loans - for information only		4,863,753	3,136,054

#	CONDO FEE SUMMARY - OVERALL	Default Assessment	Option 1	Option 2
C1	TOTAL LOAN REQUIRED OR ASSESSMENT OPTION	222,375	3,000,000	3,000,000
C2	Proposed 2018 Proposed Fee with \$3/mo for Reserves	321	321	321
C3	Reduce General Maintenance for Loan Options (12,000)	0	-6	-6
C4	Reserve Contribution Adjustment - \$16 - 3 = \$13	0	13	13
C5	Assessment and Loan Cost per Month	116	127	151
C6	Total Condo Fee	437	454	479
#	CONDO FEE SUMMARY BY UNIT TYPE	Default Assessment	Option 1	Option 2
C7	TOTAL LOAN REQUIRED OR ASSESSMENT OPTION	222,375	3,000,000	3,000,000
C8	Studio Unit - 2017 Combined Fee w/ Assessment for reference	390	390	390
C9	Studio Unit - 2018 Total Condo Fee	422	438	462
C10	Studio Unit - Total Condo Fee Increase compared to 2017	32	48	72
C11	Studio Unit - Fee % Increase	8.16%	12.30%	18.39%
C12	Studio Unit - Fee Increase Comparison Loans / Assessment 422		16	40
C13	Studio Unit - Fee % Increase for Line C12		3.69%	8.64%
C14	Duplex Unit - 2017 Combined Fee w/ Assessment for reference	429	429	429
C15	Duplex Unit - 2018 Total Condo Fee	464	482	508
C16	Duplex Unit - Total Condo Fee Increase	35	53	79
C17	Duplex Unit - Fee % Increase	8.07%	12.30%	18.38%
C18	Duplex Unit - Fee Increase Comparison Loans / Assessment (22)		18	44
C19	Duplex Unit - Fee % Increase for Line C18		3.77%	8.71%

Please review the details which follow and the Reserve Schedules.

PROPERTY DESCRIPTION

The Club at Norwich Inn & Spa, Inc. (“Association”) is a nonstock corporation established and existing under the Connecticut Revised Nonstock Corporation Act, Chapter 602 of the Connecticut General Statutes, as amended, (the “Nonstock Corporation Act”), which is the Association of Unit Owners of The Club at Norwich Inn & Spa Condominium (the “Common Interest Community”) established pursuant to the Connecticut Common Interest Ownership Act, Chapter 828 of the Connecticut General Statutes, as amended, (the “Act”). The name of the Common Interest Community is The Club at Norwich Inn & Spa. The Common Interest Community is a Condominium.

The Club at Norwich Inn & Spa is located on 12.51 acres of land in the Town of Norwich, County of New London and State of Connecticut as indicated on the Town Site Plan and Documents of the Association and as follows: A certain parcel of land situated in Norwich, Connecticut, being northerly of those premises known as the Norwich Inn & Spa, easterly of New London Turnpike, known as The Villas at Norwich Inn & Spa and now called The Club at Norwich Inn & Spa, 607 West Thames Street, Norwich, CT 06360 with a current address of 1988 Old Pond Lane, Norwich, CT 06360. The Declarant was the Norwich Inn & Spa Villas, Inc., 607 West Thames Street, Norwich, CT 06360 and the original site plan was submitted by Chandler, Palmer & King, Norwich, Conn. February 15, 1988 (Sheet 1 of 2 and Sheet 2 of 2). The property can be accessed at the security gate at 1988 Old Pond Lane, Norwich, CT or through the main entrance of the Norwich Inn and Spa at 607 West Thames Street, Norwich, CT 06360.

There are 160 units in 20 buildings that were constructed from 1986 to 1989. The buildings are located adjacent to one main road (Old Pond Road) which connects to the access roads and parking lots as indicated on the Site Plan. There are other property and utility easements as indicated on the site plan. There is common property, roads, sidewalks, landscaping, ponds, parking, lights and other elements. There are two clubhouses, two pools, a mailhouse, and one storage building. There are no tennis courts, as they were removed.

There are two (2) types of units, Studio Units and Duplex Units. The Studio Units are one level and the Duplex Units are two levels--the second level is identified as a loft. The unit types are similar with orientation variables, some are mirror images, and there are different window configurations. Ground floor end units have a storage or utility room.

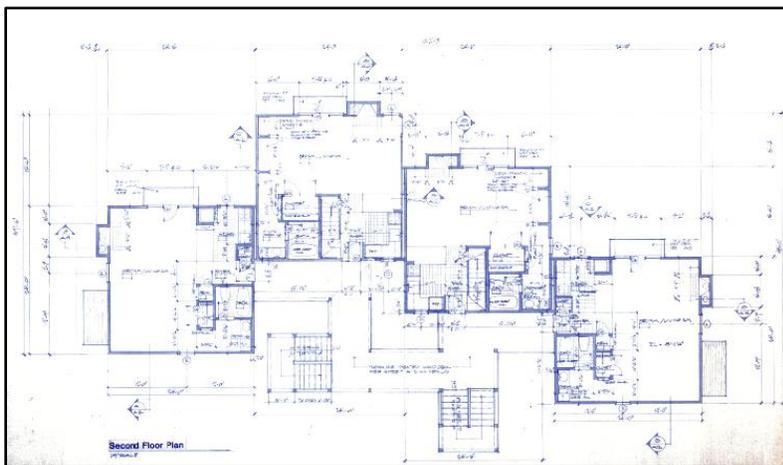
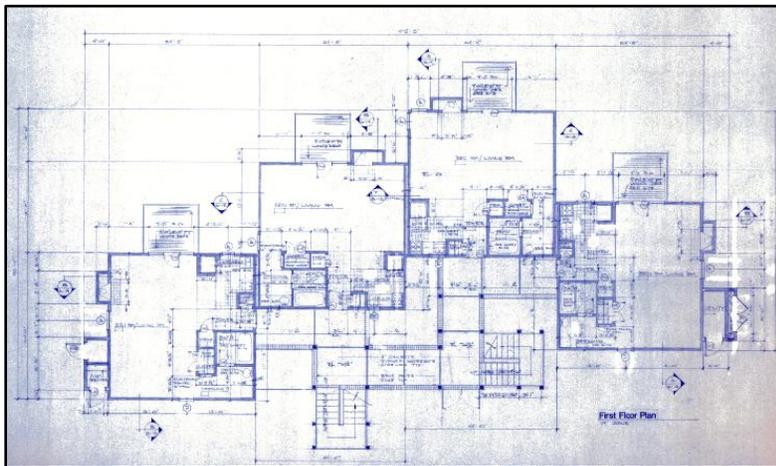
Buildings 1, 2, 3, 4, 5, 6, 7, 9, 10 and 11 (10 in total) consist of 4 Studio Units on the first floor. The second floor consists of 2 Studio Units and 2 Duplex Units. These buildings are identified as Type 1 buildings. Buildings 8, 12, 14, 15, 16, 17, 18, 19, 20 and 21 (10 in total) consist of 4 Studio Units on the first floor, and 4 Duplex Units on the second floor. These buildings are identified as Type 2 buildings.

In summary, there are 2 types of building configurations, 10 Type 1 buildings and 10 Type 2 buildings. There is a total of 100 Studio Units (10 buildings x 6 + 10 Buildings x 4).
There is a total of 60 Duplex Units (10 buildings x 2 + 10 Buildings x 4).
TOTALS UNITS = 160 in 20 Buildings

Please refer to the Unit Type Summary Matrix on the next page. Unit layouts are indicated in the full size 24” x 36” plans. See reference pictures and details in this report for additional information.

PROPERTY DESCRIPTION

The Inn at Norwich Spa Unit Types					
Bldg #	Studio Type	Duplex Type	Bldg #	Studio Type	Duplex Type
1	6	2	11	6	2
2	6	2	12	4	4
3	6	2	14	4	4
4	6	2	15	4	4
5	6	2	16	4	4
6	6	2	17	4	4
7	6	2	18	4	4
8	4	4	19	4	4
9	6	2	20	4	4
10	6	2	21	4	4
TOTALS			20	100	60



**THE CLUB AT NORWICH INN & SPA
CAPITAL IMPROVEMENT PROJECT AND RESERVE ANALYSIS REPORT**

DESCRIPTION OF ESTIMATED COSTS FOR LOAN OPTIONS 2 & 3

REFERENCE RESERVE STUDY

The Association engaged Advanced Reserve Solutions, Inc. to perform a Reserve Analysis Report in September of 2015. Some costs from this report were used in the 2018 Capital Improvement Project & Reserve Analysis Estimated Cost Schedules in order to eliminate redundancy, save time and save consulting costs. Other costs and information were not used, as they may have been outdated.

ITEM 1: ADMINISTRATION / CONSULTING

All projects and reserve studies require administration, consulting, management and a part time on-site clerk of the works during construction. The cost of this work will vary from project to project and is generally a very small but important part of the project. It is not prudent to spend 3 to 5 million dollars on projects and not spend 3% to 5% or so on management, as the quality and consistency of work could be poor.

The costs indicated in the Estimated Cost Schedule and Reserve Schedule are for administrative, consulting, clerk of the works, legal and other costs to administrate and manage the project as shown below. Note that the amounts can vary with the construction delivery system and schedule.

#	Norwich Inn - Capital Improvement Project	Detail
1	Administration, Clerk, Consultants, Legal, Loan fees and Other	
1a	Estimated cost for this report and study, meetings & presentations	15,000
1b	Future reports – structural engineering, architectural & other:	10,000
1c	Legal Costs:	5,000
1d	Administrative, copies, printing, meetings:	5,000
1e	Bank Fees, Accounting and other professional fees:	5,500
1f	Clerk of the works - construction (Estimate): 20 hrs x \$75 x 75 wks	112,500
1g	Total for Information (5M @ 3% = \$150,000)	153,000

ITEM 2: ASPHALT ROADS & PARKING

The asphalt roads and parking are in very poor condition and exhibit cracking, sink holes, depressions and general deterioration. The curbs, catch basins and associated work is also in very poor condition. They have surpassed their useful life-cycle and require complete removal and replacement. This work should be scheduled, without hesitation, in the spring or summer of 2018. Failure to do so could lead to more severe damage, potential safety hazards and escalated costs.

There were quantity discrepancies with past reserve studies, so NCG performed a new quantity survey from the original site plans. A general, on-site comparison was performed, but actual field measurements were NOT performed because of time and cost restraints. The previous management noted the plan is accurate and the Survey is illustrated below:

The Club at Norwich Inn - Paving Quantity Survey 11-19-17							
L #	Label	Length	Width	SF Area	Curbs	Spaces	CB
M	Main Road	1520	23.4	35568	2540		
1	Area 01	110	25	2750	25		
2	Area 02	120	75	9000	130		
3	Area 03	120	25	3000	145		
4	Area 04	170	70	11900	175		
5	Area 05	180	75	13500	195		
6	Area 06	90	70	6300	250		
7	Area 07	90	25	2250	30		
8	Area 08	100	25	2500	150		
9	Area 09	230	70	16100	220		
10	Area 10	120	50	6000	120		
11	Area - Other						
14	Curbs & CB					200	21
	ALL TOTALS			108868	3980	200	21

Continued – Next Page:

ESTIMATED COST SUMMARY: The work includes the complete removal and replacement of all existing asphalt layers, curbs, and catch basins. Replace with 2 new coats of asphalt (one - 1.5" base-coat and one - 1.5" finish surface coat). The cost shown in the summary on the next page is only an estimate, and specifications and bidding will proceed in the future. However, NCG worked with General Paving Company to arrive at a fairly accurate cost. A soft-fill contingency is indicated in line 11 and is an unknown until the old pavement is removed, and therefore, it is recommended to include this amount in the overall final cost. The drainage contingency cost can be reviewed in more detail prior to bidding and may be required if unit owners report poor drainage in certain areas.

The Club at Norwich Inn - Restoration: General Paving & NCG Estimate					
1	Work Description	Quantity	Type	Unit Cost	Amount
2	Road & Parking Paving	108868	SF	2.84	\$309,185
3	Curb & Seed	3980	LF	7.50	\$29,850
4	Replace Catch Basins	21	Each	900.00	\$18,900
5	Line Striping - Match Existing	200	LS	12.40	\$2,480
6	Other Work (if Required)	1	LS	0.00	\$0
7	Sub-total				\$360,415
8	Sales Tax at 6.35% on Material	180208		0.0635	\$11,443
9	Sales Tax Labor: 6.35% at 55% Invest	180208			\$6,294
10	All Total				\$378,152
11	Soft-Fill Contingency - Estimate only	40000	SF	1.65	\$66,000
12	Drainage Work Contingency	1	LS	15000.00	\$15,000
13	Total with Contingency if needed				\$444,152

The Board requested an alternate review for an asphalt overlay option, which includes the work noted below, to install an overlay asphalt course over the existing asphalt. **This is NOT recommended**, and the contractor noted they would most likely not contract for the work, as it would fail in 2-5 years due to the poor condition of the existing asphalt. This cost study is provided for information only and is not included in the Reserve Schedule.

The Club at Norwich Inn - PAVING OVERLAY					
1	Work Description	Quantity	Type	Unit Cost	Amount
2	Road & Parking: .5 + 1.5" Overlay	108868	SF	1.83	\$199,228
3	Curb & Seed - Repair estimate only	3980	LF	9.57	\$38,089
4	Replace Catch Basins & Adjust	21	Each	1620.00	\$34,020
5	Line Striping - Match Existing	200	LS	12.40	\$2,480
6	Other Work (if Required)	1	LS	0.00	\$0
7	Sub-total				\$273,817
8	Sales Tax at 6.35% on Material	136909		0.0635	\$8,694
9	Sales Tax Labor: 6.35% at 55% Invest	136909			\$4,782
10	All Total				\$287,292
11	Soft-Fill & Drainage Contingency	0	SF	1.65	\$0
12	Total with Contingency if needed				\$287,292

The Board requested an alternate review for seal coat option, which includes the work noted below, to install an asphaltic sealer course over the existing asphalt. **This is NOT recommended**, as it would fail in 1-3 years due to the poor condition of the existing asphalt. This cost study is provided for information only and is not included in the Reserve Schedule.

The Club at Norwich Inn - PAVING SEAL COAT					
1	Work Description	Quantity	Type	Unit Cost	Amount
2	Road & Parking - Seal Coat	108868	SF	0.30	\$32,660
3	Crack Fill	3	Days	3200.00	\$9,600
4	Patching as required	1	LS	10000.00	\$10,000
5	Line Striping - Match Existing	200	LS	12.40	\$2,480
6	Other if Required	1	LS	4000.00	\$4,000
7	Sub-total				\$58,740
8	Sales Tax at 6.35% on Material	29370		0.0635	\$1,865
9	Sales Tax Labor: 6.35% at 55% Invest	29370			\$1,026
10	All Total				\$61,631
11	Soft-Fill & Drainage Contingency				\$0
12	Total with Contingency if needed				\$61,631

ITEM 3: GROUNDS & SITE:

The buildings were constructed on the land’s natural sloping site and, therefore, presents some drainage issues, retaining wall and railing repairs, and related issues. The various work items and associated costs are shown below, as well as in the Estimated Cost Schedule and Reserve Schedule. The greatest expense (and most urgent) is tree and shrub removal and/or pruning. Many of the trees, shrubs and plantings that are in close proximity of the buildings and walks are overgrown and contributing to mold, mildew and deterioration. The concrete sidewalks are also in need of urgent repair.

The estimated cost is about \$250,000 and a few of the work items have not reached their life-cycle and can be deferred to a later date. \$117,000 of these costs has been allocated to the initial 2018 Capital Improvement Plan and the remaining costs evenly divided over the remaining 19 years as indicated in the Reserve Schedules.

3	Grounds & Site	Detail
3a	Concrete Walks - 2800 lf - Partial repair and replace / brick - wood etc.	25,000
3b	Tree Removal, Replacement and Pruning	60,000
3c	Retaining Walls - Wood Timber - Various repairs	40,000
3d	Retaining Wall - Stone	10,000
3e	Access Gate and System	15,000
3f	Split Rail Fence	5,000
3g	Solid Board Fencing	10,000
3h	Light Poles / Fixtures	40,000
3i	Mailbox Station (not required until 2026)	30,000
3j	Wrought Iron Rails, Stone Walking Pads, Landscape Stone, Other	5,000
3k	Ponds, Aerators, Other & Miscellaneous	10,000
3l	Total for Information	250,000

BUILDINGS

General Overview

All the buildings are 2x4 wood-framed construction supported on 10" concrete foundations. The exterior wall construction includes interior gypsum board, 4" - R-11 batt insulation, CDX plywood or Fire-Rated Gypsum Board, vapor barrier and 5" exposed cedar wood clapboards and wood trim. This information is based on the drawings and not confirmed through physical inspection. The roof consists of asphalt shingles on ½" CDX plywood supported on wood-framed construction. There are visible ridge and roof vents. The buildings have rear decks for each unit, and access is provided to the units by entrance stairs and terrace walkways. See reference building plans, pictures and related information in this report.

ITEM 4: REAR DECKS - INFORMATION AND CONDITION

The Reserve Report from 2015 (RS15) indicates the Board reported repairs and replacements were made to the decks, or some of the decks, in 2010. General and other repairs and partial replacements were also randomly made from the maintenance budget or assessments. However, most of the rear decks have reached their useful life and require deck and rail replacement. The deck framing, while on many decks is not visible, appears to be in satisfactory condition and may simply need some repairs or joist replacement, which can be handled with an allowance. Accessible and exposed joists would need cleaning and perhaps painting or sealing.

The Association constructed a deck railing mock-up with 1x3 pine wood as shown on page 21 of this report. It required an additional center support column at 6' to avoid deflection (sagging) in the 12' span. The mock-up railing very closely simulates the existing deck railing to maintain the original aesthetics of the buildings and community. The railing is removable so that it can be easily spray painted but would still require painting every 7 years. While pine is inexpensive and easy to work with, it is the least durable of wood material and must be maintained and protected with paint.

NCG has provided two cost alternates for the lower and upper rear decks:

Alternate A is included in the Loan Options 1 and 2. It includes removal and replacement of the pressure-treated deck boards with the same and removal and replacement of the existing wood railings (except posts) and replaced with synthetic material or other synthetic systems that simulates the mock-up and existing rail system.

Alternate B includes removal and replacement of the pressure-treated deck boards with the same and removal and replacement of the existing wood railings (except posts) and replaced with 1"x3" or 5/4" x 3" pine wood per the mock-up and existing. Alternate B is not used in the Loans and is for information.

An option to provide an all synthetic deck with synthetic deck boards was not pursued because it would require additional framing for support, and synthetic decking can be slippery.

Drawings and scope of work are on the following pages. NCG has also provided a cost comparison of SYNTHETIC VERSUS WOOD RAILS AND PAINTING.

ITEM 4: REAR DECKS – QUANTITY SURVEY

There are basically two types of rear decks, 80 - 9’x8’ (D1 & D2) on the 1st floor and 80 - 9’x3’ (D3 & D4) cantilevered on the 2nd floor. Half of each type (40) are adjacent a chimney wall and have less railing.

The Club at Norwich Inn & Spa - Rear Decks							
Line	Building #	Studio Type	Duplex Type	D1 1st Fl Dk 9x8 Type 1	D2 1st Fl Dk 9x8 Ch Type 2	D3 2nd Fl Dk 3x9 Type 3	D4 2nd Fl Dk 3x9 Ch Type 4
3							
4							
5							
6							
7	1	6	2	2	2	2	2
8	2	6	2	2	2	2	2
9	3	6	2	2	2	2	2
10	4	6	2	2	2	2	2
11	5	6	2	2	2	2	2
12	6	6	2	2	2	2	2
13	7	6	2	2	2	2	2
14	8	4	4	2	2	2	2
15	9	4	4	2	2	2	2
16	10	4	4	2	2	2	2
17	11	6	2	2	2	2	2
18	12	4	4	2	2	2	2
19	14	4	4	2	2	2	2
20	15	4	4	2	2	2	2
21	16	4	4	2	2	2	2
22	17	4	4	2	2	2	2
23	18	4	4	2	2	2	2
24	19	4	4	2	2	2	2
25	20	4	4	2	2	2	2
26	21	4	4	2	2	2	2
27	TOTALS	96	64	40	40	40	40

Summary of Rear Decks

D1 - 1st floor Wood Decks with 3 sides = 40 - 9x8 = 72 SF each // Railing = 9+8+8 = 25 LF

D2 - 1st floor Wood Decks with 3 sides and Chimney = 40 - 9x8 = 72 SF each // Railing = 9+8+6 = 23 LF

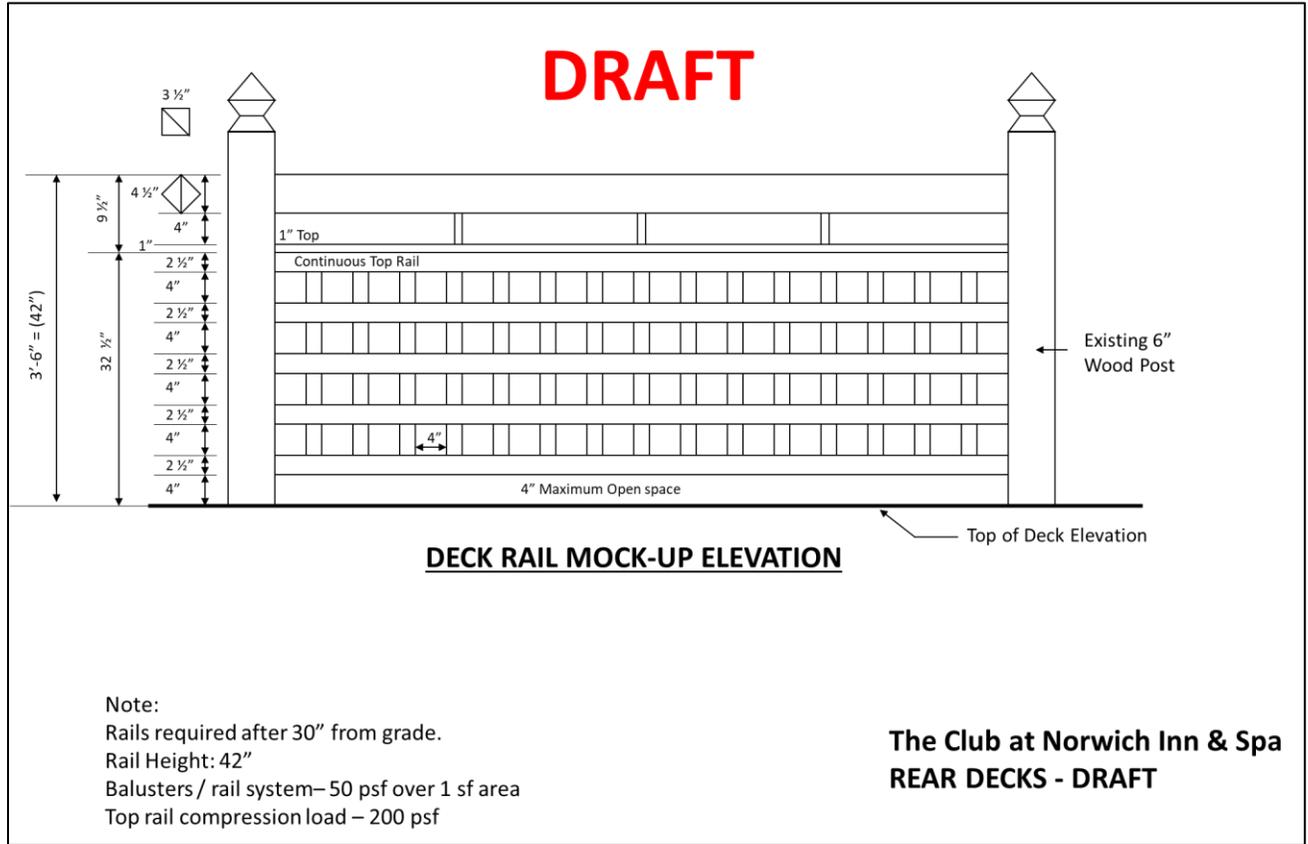
D3 - 2nd floor Wood Decks with 3 sides = 40 - 9x3 = 27 SF each // Railing - 9+3+3 = 15 LF

D4 - 2nd floor Wood Decks with 3 sides and Chimney = 40 - 9x3 =27 SF each // Railing = 9+3 = 12 LF

Since there is only 2 lf of rail difference between D1 and D2 and 3 lf of rail difference between D3 and D4 decks they have been grouped as D1 & D2 and D3 & D4 for cost estimating.

See attached drawings and pictures for additional information.

ITEM 4: REAR DECKS - DECK RAIL DESIGN MOCK-UP



The Association constructed this deck rail mock-up at the mailhouse. Use this mock-up as the basis of design for the deck, entrance terrace and stair rail system. See plans and pictures.



ITEM 4: REAR DECKS - RESTORATION DRAFT SCOPE ONLY

Preliminary Scope of Work includes:

1. Remove and replace all decking boards and replace with same size and type (2x6) using new pressure treated lumber with stainless steel, polymer-coated or corrosive-resistive fasteners. For cost estimating, use four basic types as shown on page 20.
2. Support framing and posts to remain.
3. Remove and replace all deck rail systems (between support posts – support posts to remain) and replace with a synthetic material or other synthetic systems that simulate the mock-up and existing rail system. **(Alternate A)**
4. Remove and replace all deck-rail systems (between support posts – support posts to remain) and replace with 1"x3" or 5/4" x 3" pine wood per the mock-up and existing. **(Alternate B)**.
5. Remove and replace deteriorated joists and beams as required. (Allowance \$200 per deck)
6. Power wash all existing deck elements.
7. Paint / stain all new wood decks, railings and elements. Paint only wood joists that are accessible and exposed to view. (Synthetic elements do not require painting)
8. Includes permits, sales tax on material, and sales tax on labor for 55% investor owned units.

CONTRACTOR ESTIMATES

Contractors verified NCG preliminary cost estimates, which follow, as budget pricing only and noted the total was about the same, but the synthetic rail system may cost more while the decking replacement may cost less. Thus, the total cost estimate is about the same. The synthetic rail system is quite complex, and the costs are estimates only and requires further in-depth study. It may be possible to work with a rail manufacturer to produce the special rail system.

Continued:

ITEM 4: REAR DECKS - NCG Preliminary Cost Estimate Only:

These are general budget estimates only to be used as cost placeholders until contractor estimates are submitted.

ALTERNATE A – LOWER DECKS: PT Deck Boards and Synthetic Rail System

D1 - 1st floor Wood Decks with 3 sides = 40 - 9x8 = 72 SF each // Railing = 9+8+8 = 25 LF

D2 - 1st floor Wood Decks with 3 sides and Chimney = 40 - 9x8 = 72 SF each // Railing = 9+8+6 = 23 LF

Decking

1. Use about \$3/sf for material for 2x6 PT decking with fasteners
2. Material: 9x8=72 sf x \$3 = \$216
3. Labor: Remove and replace: 2 men for 1 day = 16 hours x \$50 = \$800
4. Allowance for repairs, joist, etc.: = \$200
5. Pre-prime PT deck boards all sides – 72 sf x \$2 = \$144
6. Final painting of deck boards: 72 sf x \$3 = \$216
7. All total for Lower Deck – Decking: = \$1576 – use \$1600 / 72 sf = 22.22 / sf.

Rail System:

Material: Custom prefabricated or site-built synthetic rail system - \$40 lf x 25 lf = \$1000

Note: Since there is only 2 lf of rail difference between D1 & D2 deck, estimate uses 25 lf (D1).

Total for a typical lower deck: \$1600 + \$1000 = \$2600 or about \$36.11 / sf

ALTERNATE A – UPPER DECKS: PT Deck Boards and Synthetic Rail System

Decking

1. Use about \$3/sf for material for 2x6 PT decking with fasteners
2. Material: 9x3=27 sf x \$3 = \$81
3. Labor: Remove and replace: 2 men for .5 day = 8 hours x \$50 = \$400
4. Allowance for repairs, joist, etc.: = \$200
5. Pre-prime PT deck boards all sides – 27 sf x \$2 = \$54
6. Final painting of deck boards: 27 sf x \$3 = \$81
7. All total for Lower Deck – Decking: = \$ 816 – use \$800 / 27 sf = \$29.63 / sf.

Rail System:

Material: Custom prefabricated or site-built synthetic rail system - \$40 lf x 15 lf = \$600

Total for a typical upper deck: \$800 + \$600 = \$1400 or about \$51.85 / sf

SUMMARY OF TOTAL COST FOR REAR DECKS – ALTERNATE A

Lower Deck – Alternate A: Pressure Treated Deck and Synthetic Rails

\$36.11 / sf x 72sf = \$2600 per deck x 80 decks = \$208,000

Upper Deck - Option 2: Pressure Treated Deck and Synthetic Rails

\$51.87 / sf x 27sf = \$1400 per deck x 80 decks = \$112,000

TOTAL FOR ALTERNATE A (Used in Loan Options 1 & 2) – ALL REAR DECKS = \$320,000

ITEM 4: REAR DECKS - NCG Preliminary Cost Estimate Only:

These are general budget estimates only to be used as cost placeholders until contractor estimates are submitted.

ALTERNATE B – LOWER DECKS: PT Deck Boards and Pine Wood Rail System

D1 - 1st floor Wood Decks with 3 sides = 40 - 9x8 = 72 SF each // Railing = 9+8+8 = 25 LF

D2 - 1st floor Wood Decks with 3 sides and Chimney = 40 - 9x8 = 72 SF each // Railing = 9+8+6 = 23 LF

Decking

1. Use about \$3/sf for material for 2x6 PT decking with fasteners
2. Material: 9x8=72 sf x \$3 = \$216
3. Labor: Remove and replace: 2 men for 1 day = 16 hours x \$50 = \$800
4. Allowance for repairs, joist, etc.: = \$200
5. Pre-prime PT deck boards all sides – 72 sf x \$2 = \$144
6. Final painting of deck boards: 72 sf x \$3 = \$216
7. All total for Lower Deck – Decking: = \$1576 – use \$1600 / 72 sf = 22.22 / sf.

Rail System:

Material: Custom prefabricated or site-built wood rail system - \$30 lf x 25 lf = \$750

Note: Since there is only 2 lf of rail difference between D1 & D2 deck, estimate uses 25 lf (D1).

Total for a typical lower deck: \$1600 + \$750 = \$2350 or about \$32.63 / sf

ALTERNATE B – UPPER DECKS: PT Deck Boards and Synthetic Rail System

Decking

1. Use about \$3/sf for material for 2x6 PT decking with fasteners
2. Material: 9x3=27 sf x \$3 = \$81
3. Labor: Remove and replace: 2 men for .5 day = 8 hours x \$50 = \$400
4. Allowance for repairs, joist, etc.: = \$200
5. Pre-prime PT deck boards all sides – 27 sf x \$2 = \$54
6. Final painting of deck boards: 27 sf x \$3 = \$81
7. All total for Lower Deck – Decking: = \$ 816 – use \$800 / 27 sf = \$29.63 / sf.

Rail System:

Material: Custom prefabricated or site-built synthetic rail system - \$30 lf x 15 lf = \$450

Total for a typical upper deck: \$800 + \$450 = \$1250 or about \$46.30 / sf

SUMMARY OF TOTAL COST FOR REAR DECKS – ALTERNATE B

Lower Deck – Alternate B: Pressure Treated Deck and Wood Rails

\$32.63 / sf x 72sf = \$2350 per deck x 80 decks = \$188,000

Upper Deck - Option 2: Pressure Treated Deck and Wood Rails

\$46.30 / sf x 27sf = \$1250 per deck x 80 decks = \$100,000

TOTAL FOR ALTERNATE B (Not used in Loan Options – For Info Only) – ALL REAR DECKS = \$288,000

ITEM 4: REAR DECKS - COMPARISON SYNTHETIC VERSUS WOOD RAILS AND PAINTING

ALL REAR DECKS (Rounded):

Synthetic: \$ 320,000
Wood: \$ 288,000
Variation: \$ 32,000

Cost Comparison – Wood versus Synthetic

Wood – Synthetic = \$32,000

In both options the decks remain PT Lumber and will require painting. In Alternate A with wood railings, the rails would have to be removed, painted and replaced every 7 years or sooner.

Paint 160 deck rails at \$300 – 5-man hours per deck x \$50 = \$250 + \$50 paint = \$300 per deck.

160 decks x \$300 = \$48,000. In 7 years at 2% inflation = \$55,000 / 14 years = \$63,000 /

21 years = 73,000 = 28 years = \$84,000 for a total of \$275,000 of painting in 28 years (life expectancy of a synthetic deck can exceed 30 years).

The potential savings in 28 years = \$243,000 (\$275,000 for painting less \$32,000 additional cost for synthetic deck rails). Basically, the cost of painting the rear deck rails is \$275,000 / 28 = \$9821 – say \$10,000 per year. The initial additional cost of \$32,000 for synthetic rails will be realized in 3 years.

REAR DECKS OTHER - FOR INFORMATION ONLY

The RS15 reserve study used the following cost estimates for rear deck replacement, but the report does not indicate if the deck structure replacement is included. It is assumed not to be included, since the upper decks are cantilevered into the building.

80 lower decks at \$2,250 = \$180,000 Lower decks are 9x8 = 72sf = \$31.25 sf

80 upper decks at \$3,600 = \$288,000 Upper decks are 9x3 = 27sf = \$133.33 sf (very high?)

Total for Rear Decks = \$468,000

Continued:

ITEM 5: ENTRANCE STAIRS AND TERRACES - INFORMATION AND CONDITION

The Reserve Report from 2015 (RS15) indicates the Board reported that repairs and replacements were made to the entrance stairs and terraces on an “as-needed” basis from the maintenance and/or assessment budgets. The Association reported that all joist hangers, lag bolts and other connectors were replaced with stainless steel hangers. However, many of the fasteners broke during the process and remain in the existing deck framing, continuing to rust.

The entrance stairs and terraces are in various states of condition. However, all of them have reached their useful life and require new decking, stairs, and rail replacement. The deck framing appears to be in satisfactory condition and may simply need some repairs or joist replacement which can be handled with an allowance. Accessible and exposed joists would need cleaning and painting or sealing.

NCG has provided two cost alternates for the Entrance Stairs and Terraces:

Alternate A is included in the Loans, Options 1 and 2. It includes removal and replacement of the pressure-treated deck boards with the same and removal and replacement of the existing wood railings (except posts) and replaced with synthetic material or other synthetic systems that simulates the mock-up and existing rail system.

Alternate B includes removal and replacement of the pressure-treated deck boards with the same and removal and replacement of the existing wood railings (except posts) and replaced with 1”x3” or 5/4” x 3” pine wood per the mock-up and existing. Alternate B is not used in the Loans and is for information.

An option to provide an all synthetic deck with synthetic deck boards was not pursued because it would require additional framing for support, and synthetic decking can be slippery.

Drawings and scope of work are on the following pages. NCG has also provided a cost comparison of SYNTHETIC VERSUS WOOD RAILS AND PAINTING.

Continued

QUANTITY SURVEY

All of the 20 buildings have entrance stairs and walkways/terraces of various configuration as indicated below. The survey is based on the drawings and a limited visual review.

The Club at Norwich Inn & Spa - Entrance Decks														
Line	Building #	Studio Type	Duplex Type	A1C 1st Fl Dk Conc-3 st A - Type	A1W 1st Fl Dk W-3 st A - Type	A2W 1st Fl Dk W-0 st A - Type	B1C 1st Fl Dk Conc-3 st B - Type	B1W 1st Fl Dk W-3 st B - Type	B2W 1st Fl Dk W-0 st B - Type	B2C 1st Fl Dk Conc-0 st B - Type	A1C&W 2nd Fl Dk Wd-3 st A - Type	A2W 2nd Fl Dk Wd-0 st A - Type	B1C&W 2nd Fl Dk Wd-3 st B - Type	B2C&W 2nd Fl Dk Wd-0 st B - Type
3														
4														
5														
6														
7	1	6	2	1							1			
8	2	6	2				1						1	
9	3	6	2							1				1
10	4	6	2	1							1			
11	5	6	2	1							1			
12	6	6	2		1						1			
13	7	6	2			1						1		
14	8	4	4			1						1		
15	9	4	4	1							1			
16	10	4	4	1							1			
17	11	6	2					1					1	
18	12	4	4					1					1	
19	14	4	4			1						1		
20	15	4	4		1						1			
21	16	4	4		1						1			
22	17	4	4						1					1
23	18	4	4						1					1
24	19	4	4			1						1		
25	20	4	4						1					1
26	21	4	4						1					1
27	TOTALS	96	64	5	3	4	1	2	4	1	8	4	3	5

CONTRACTOR ESTIMATES

Contractors verified NCG preliminary cost estimates, which follow, as budget pricing only and noted the total was about the same, but the synthetic rail system may cost more while the decking replacement may cost less. Thus, the total cost estimate is about the same. The synthetic rail system is quite complex, and the costs are estimates only, and requires further in-depth study. It may be possible to work with a rail manufacturer to produce the special rail system.

Continued next page:

ITEM 5: ENTRANCE STAIRS AND TERRACES

Summary of Entrance Decks

Type A & B are the same - just mirror image - 12 Type A // 8 Type B
1st Floor Concrete with Steps, A & B = 6
1st Floor Concrete NO Steps, A & B = 1 = Total 7 with Concrete on 1st Floor
1st Floor Wood with Steps, A & B = 5
1st Floor Wood NO Steps, A & B = 8 = Total of 13 with Wood on 1st Floor
Total 1st Floor Decks = 20

Summary of Entrance Decks - For Cost Summary

1st floor Concrete Decks = 7 - 6 with steps - 71 LF x 6.5 = 462 sf (99 lf of brick edge)
1st floor Wood Decks = 13 - 5 with steps - 71 LF x 6.5 = 462 sf
2nd Floor Wood Deck = 20 - 11 with steps - 71 LF x 6.5 = 462 sf

Stairs - 2 sets per building - some buildings have only one exit walk
Stair Landings are 9.5 x 4 = 38 SF x 2 = 76 SF
Stair = 9.5 x 6 = 57 SF x 2 = 114 SF
Each Stair has 16 Risers and 14 treads – may vary

2x12 Joist about 6' some are 4' at landings = 41 Check Phase 2 for 2x8 or 2x10.
2x12 Double Rim Joist, Beams and 6x6 Post framing structure.

Deck Rail / Baluster System per mock-up for typical building:

Straight railing: 83 lf
Straight railing at stair landings: 18 lf x 2 sets of stairs = 36 lf
Straight and sloping rail system from landing to grade – shape varies: 18 lf x 2 sets of stairs = 36 lf.
Sloping stair rail: 6' x 4 sides = 24lf x 2 sets of stairs = 48 lf.
There is a total of 203 lf of Rail / Baluster system per building.
There are none at first floor.

New stair hand rail calculations:

20 buildings x 2 stairs = 40 stairs x 28 lf of rail (7x4) = 1120 lf.
13 buildings have an average of 3 steps at the first and second level. This equates to about 260 lf as follows: 3 steps = 3' + extensions of 2' = 5'. Use 5' of railing on each side = 10 lf x 2 levels = 20 lf x 13 buildings = 260 lf. Use metal handrails per the mock-up and keep this price separate.
1380 lf of stair handrail

Continued next page:

ITEM 5: ENTRANCE STAIRS AND TERRACES - RESTORATION DRAFT SCOPE ONLY

Preliminary Scope of Work includes:

1. Remove and replace all decking boards at terrace walkways and landings and replace with same size and type (2x6) using new pressure treated lumber with stainless steel, polymer-coated or corrosive-resistive fasteners. For cost estimating, use two basic types:
 - A. There are 7 buildings with 462 sf of 2nd floor wood decks, 6 of which have steps. These buildings have 462 sf of concrete walk /deck on the 1st floor, 6 of which have steps, and therefore no wood decks at the 1st level.
 - B. There are 13 buildings with 462 sf of 1st and 2nd floor wood decks, 5 of which have steps on the 1st level and 13 have steps at the 2nd level.
2. Support framing and posts to remain.
3. Remove and replace all deck rail systems (between support posts – support posts to remain) and replace with a synthetic material or other synthetic systems that simulates the mock-up and existing rail system. **(Alternate A)**
4. Remove and replace all deck-rail systems (between support posts – support posts to remain) and replace with 1"x3" or 5/4" x 3" pine wood per the mock-up and existing. **(Alternate B)**.
5. The Association reported that all joist hangers, lag bolts and other connectors were replaced with stainless steel hangers. However, many of the fasteners broke during the process and remain in the existing deck framing, continuing to rust. Remove rust and treat areas that exhibit rust with a rust-inhibitor, and prime area for painting. It is understood that continued rusting may occur.
6. Replace any non-corrosive fasteners or structural supports with stainless steel, polymer-coated or non-corrosive material. (Allowance: \$500 per deck)
7. Remove and replace deteriorated joists and beams as required. (Allowance \$500 per deck)
8. The 13 – 1st floor wood decks did not have joist hangers, lag bolts and other connectors replaced with stainless steel material. Remove rust and treat areas that exhibit rust with a rust-inhibitor, and prime area for painting. It is understood that continued rusting may occur.
9. Remove and replace stair treads and risers with new pressure treated lumber to match existing and use stainless steel, polymer-coated or non-corrosive supports and fasteners.
10. Check stair frame support lumber and report any defective lumber. Treat areas that exhibit rust with a rust-inhibitor, and prime area for painting similar to #4 above. The allowances in #6 and #7 include stairs.
11. The IBC code requires new handrails for all stairs, on both sides, and the rail must extend beyond the first & last step by 1 step or about 12". An exception will be submitted where the 12" extension will interfere with pedestrian traffic. New stair hand rail calculations:
 - A. 20 buildings x 2 stairs = 40 stairs x 28 l/f of rail (7x4) = 1120 lf.
 - B. 13 buildings have an average of 3 steps at the first and second level. This equates to about 260 lf as follows: 3 steps = 3' + extensions of 2' = 5'. Use 5' of railing on each side = 10 lf x 2 levels = 20 lf x 13 buildings = 260 lf.
 - C. Use 2" diameter - metal handrails per the mock-up and keep this price separate. (Use \$15 lf for material)
12. Power wash and remove rust stains from concrete walkways. Power wash all existing elements.
13. Paint / stain all wood decks, railings and elements. (Synthetic elements do not require painting)
14. Includes permits, sales tax on material, and sales tax on labor for 55% investor owned units.

ITEM 5: ENTRANCE STAIRS AND TERRACES - NCG Preliminary Cost Estimate Only:

These are general budget estimates only to be used as cost placeholders until contractor estimates are submitted.

ALTERNATE A – PT Wood Deck & Synthetic Rails:

13 - 1st Floor Wood decks at 462sf x \$30 = \$13,860 (5 with steps) x 13 = \$180,180
20 - 2nd Floor Wood decks at 462sf x \$35 = \$16,170 (9 with steps) x 20 = \$323,400
40 sets of stairs, landings and rails = 95sf x \$40 = \$3800 x 40 = \$152,000
260 lf of deck railing system at 40 / lf = \$10,400 x 20 decks = \$208,000
1380 lf of 2" diameter metal stair handrail at \$25 /lf (15/lf material) = \$ 34,500
7 – 1st Floor Concrete Restoration included = 462sf x 7 = 3234sf x 5 = \$ 16,170
All Total for Entrance Terrace and Stairs (Includes \$1000 allowance) = \$914,250
Average Use = \$915.00 / 20 buildings = \$45,750 per building.

ALTERNATE B – PT Wood Deck & Wood Rails:

260 lf of deck railing system at 40/lf less \$30/ lf = \$10 x 260 = \$2600 x 20 decks = \$52,000 Deduct
Prime and Paint 260 lf of wood deck rail system assumed included in \$30 / lf.
Total = \$863,000 (915,000 – 52,000)

ENTRANCE STAIRS AND TERRACES: COMPARISON SYNTHETIC VERSUS WOOD RAILS AND PAINTING

Cost Comparison – Wood versus Synthetic

Wood – Synthetic = \$52,000

In both options the decks remain PT Lumber and will require painting. In Alternate A with wood railings, the rails would have to be removed, painted and replaced every 7 years or sooner.

Paint 260 lf – say about 30 Sections for 20 decks: 40-man hours per deck x \$50 = \$2000 + \$500 paint = \$2500 per deck x 20 decks = \$50,000. In 7 years at 2% inflation = \$57,000 / 14 years = \$66,000 / 21 years = \$76,000 = 28 years = \$87,000 for a total of \$286,000 of painting in 28 years (life expectancy of a synthetic deck can exceed 30 years).

The potential savings in 28 years = \$234,000 (\$286,000 for painting less \$52,000 additional cost for synthetic deck rail). Basically, the cost of painting the deck rails is \$286,000 / 28 = \$10,214 – say \$10,000 per year. The initial additional cost of \$52,000 for synthetic rails will be realized in 5 years.

Continued:

ITEM 6: ROOFS

The Reserve Study from 2015 by Advanced Reserve Solutions (RS15) indicates the Board, at that time, informed ARS that the roofs were replaced between 2002 and 2004. However, the information supplied to ARS did not include building numbers, or how many building roofs were replaced each year. The original construction was dated 1986 to 1987, therefore, original roofs had a useful life of only about 16 years. The RS15 schedule indicates the roofs will need replacement in 2027 to 2029, or about 25 years. The life-expectancy will vary between 20 and 25 years depending on the quality of materials, workmanship and exposure, which are unknowns or variables. The RS15 included the 2015 current cost of 20 buildings at \$25,290 = \$505,800 and \$20,930 for the two clubhouses, storage garage and mail house, for a total of \$526,730. The estimated cost to replace the roofs in 2027 was \$667,997 which is about a 2% cost increase per year. NCG received a roofing folder from the Board that included a quote from 2001 of \$768,000 and the budget at the time was \$1,015,000. The specifications and scope were unclear, and it seemed like the quote included gutter and downspout removal, possible chimney repairs, but not roofing material.

An older reserve study from 2004 indicates there is a total of 131,200 sf of roof surface and the projected cost in 2024 would be \$783,000. This was based on \$3.00 / sf at 2004. Using the reported 131,200 sf of roofing at a 2017 price cost of \$4.00 Sf, the current cost of roof replacement would be \$524,000 which is very close to the RS15 2015 budget. Using 2028 as the roof replacement year, after 25 years of service, the cost would be \$651,000 which once again is very close to the \$667,997 from RS-15-ARS. The Reserve Schedules use \$670,000 distributed as shown from 2027 to 2029. The only unknown would be for underlayment replacement, if required, which is not included.

Loan Option 1 assumes the roofs will need replacement in 25 years and Loan Option 2 uses 30 years. Loan Option 2, the 10/20 Year loan does provide for a more conservative approach for roof replacement in 25 years rather than 30 years, thus reducing the potential for the need for additional funding.

Continued:

ITEM 7: SIDING & TRIM REPAIRS

The RS15 report indicates the Board noted that 3 buildings were typically painted per year and generally included trim repair for about \$23,000 per building. The Board noted some recent costs were about \$17,000 per building and about 75% (15 of 20) of the chimney/trim repairs were completed. It would most likely cost about \$10,000 just to paint the siding and trim, not including decks. Therefore, we can use about \$7,000 per building for repairs, and the repair cost for the 5 remaining buildings would be \$35,000. An additional \$10,000 is added as the Board mentioned one building may need siding replacement, and there may be other repairs also. The total for siding and trim repairs, therefore, is \$45,000.

ITEM 8: PAINTING OF BUILDINGS

The cost for preparation and painting the exterior siding and trim would be about \$10,000 per building x 23 buildings or \$230,000. There are 20 buildings and 2 clubhouses, mail house and storage garage would equate to 23 buildings. The buildings would require painting over the next 7 years from 2018 to 2025. However, the quality of some of the painting was poor, and it is better to paint in a 3-year cycle for better pricing and life-cycle endurance. The longer the time between painting, the more trim and siding damage is expected. The new plan and reserve study is based on painting in a 3-year cycle starting in 2018. The cost schedule and reserves allocate \$240,000, \$80,000 in 2018, 2019 and 2020 to allow for yearly cost increases. Painting will be required every 7 to 8 years. In 2026 use \$281,000 and in 2034 use \$329,000 disbursed as shown in the Reserve Schedules.

ITEM 9: PAINTING OF REAR DECKS (ALTERNATE A – Synthetic Rails)

In rear deck restoration the decks remain PT Lumber and will require painting about every 7 years. Paint decking, posts and some decks have exposed joists:

Rear Decks – 1st Floor (9x8): 80 Decks at \$ 200 = \$16,000

Rear Decks – 2nd Floor (3x9): 80 Decks at \$ 200 = \$16,000

Total for Rear Deck – Deck Board Painting = \$32,000 / 20 Buildings = \$1600 per Building

ITEM 9: PAINTING OF ENTRANCES (ALTERNATE A – Synthetic Rails)

In Entrance Stair and Terraces Restoration, the decks remain PT Lumber and will require painting about every 7 years. Paint decking, posts and exposed joists:

13 - 1st Floor Wood decks at 462sf x \$4 = \$1,848 (5 with steps) x 13 = \$ 24,024

20 - 2nd Floor Wood decks at 462sf x \$4 = \$1,848 (9 with steps) x 20 = \$ 36,960

40 sets of stairs & landings at 95sf x \$5 = \$475 x 40 = \$ 19,000

1380 lf of 2” diameter metal stair handrail at \$1 /lf = \$1380 x20 /2 = \$ 13,800

(Painting for handrails divided by 2 to equate for every 14 years)

Include \$500 allowance per building for repairs x 20 = \$ 10,000

All Total for Entrance Terrace and Stairs = = \$103,784

Average Use = \$104,000 / 20 buildings = \$5200 per building.

ITEM 9: PAINTING OF REAR DECKS & ENTRANCES (ALTERNATE A – Synthetic Rails)

The **total** for painting of rear decks and entrances per building Alternate A is \$6800 (\$1,600 + \$5200).

The total cost = \$136,000 (\$6,800 x 20 Buildings). Painting would start in 2025 and occur every 7 years.

In 7 years at 2% inflation = \$156,000 / 14 years = \$180,000 / 21 years = \$206,000 = 28 years = \$237,000.

ITEM 9-B: PAINTING OF REAR DECKS (ALTERNATE B – Wood Rails)

In both Alternates A & B, the decks remain PT Lumber and will require painting. In Alternate B with wood railings, the rails would have to be removed, painted and replaced every 7 years or sooner. Paint 160 deck rails at \$300: 5-man hours per deck x \$50 = \$250 + \$50 paint = \$300 per deck. Add \$200 per deck for deck board painting per Alternate A above - Total = 160 decks x \$500 = \$80,000. The cost per building is \$4,000 (80,000 / 20). For Information only in the event wood rails are used.

ITEM 9-B: PAINTING OF ENTRANCES (ALTERNATE B – Wood Rails)

In both Alternates A & B, the entrance decks remain PT Lumber and will require painting. In Alternate B with wood railings, the rails would have to be removed, painted and replaced every 7 years or sooner. Paint 260 lf – say about 30 Sections for 20 decks: 40-man hours per deck x \$50 = \$2000 + \$500 paint = \$2500 per building x 20 decks = \$50,000. Add \$5200 per building for PT deck board painting per Alternate A x 20 buildings = \$104,000. Total = \$154,000 (\$50,000 + \$104,000) or \$7,700 per Building (2500+5200). For Information only in the event wood rails are used.

ITEM 9-B: PAINTING OF REAR DECKS & ENTRANCES (ALTERNATE B – Wood Rails)

In both Alternates A & B, the entrance decks remain PT Lumber and will require painting. In Alternate B with wood railings, the rails would have to be removed, painted and replaced every 7 years or sooner.

The **total** for painting of rear decks and entrances per building for Alternate B is \$234,000 (Rear \$80,000 + Entrances \$154,000). Painting would start in 2025 and occur every 7 years. In 7 to 8 years at 2% inflation = \$274,000 / 16 years = \$321,000 / 21 years = \$355,000 = 28 years = \$408,000. The 16-year cost would be disbursed as indicated. For Information only in the event wood rails are used.

Continued:

ITEM 10: WINDOWS AND SKYLIGHTS

There are approximately 33 windows per building x 20 buildings or about 660 windows at the complex. 12 buildings contain 6 additional windows at lofts = 72 windows. A quote for skylight repairs and replacement indicates 40 units have 2 skylights = 80. An additional 38 windows of various types are also added for the clubhouses and mail house, just as a general estimate. Therefore, the total for windows and skylights is about 850 windows. The building plans do not reflect the actual as-built conditions and variations occur at many buildings. The windows are identified in the Restoration Plans dated April 21, 2001. A quote for window and skylight repairs and replacement from 2000 was submitted to NCG but it was unclear, and it is unknown if this work was ever performed.

NCG requested additional information and permission to proceed with a more in-depth review and unit owner survey. The Board deferred this request in an effort to save time and consulting costs, as to be able to produce a report in time for the January Unit Owners Meeting. The Board also noted the records may not be available or accurate, and some of the previous work was not up to standards. Therefore, only assumptions and estimates are used for window replacement as follows:

Many of the windows have reached their useful life, which can vary with type and exposure from 20 to 30 years. Fixed windows generally have a longer life expectancy. The property manager and past records indicate many windows have failed seals. The Board reported some windows have been replaced (but very few) and the exact number is unknown. While the windows have reached their useful life, some may continue to function for several more years while others may fail. The estimated cost to replace 850 windows and skylights at an average of \$350 each would cost \$297,500 – Rounded to \$300,000. The Board would need to evaluate window replacement based on priority, and perhaps through a unit owner survey. The Reserve Schedule allocates 50% or \$150,000, as part of the initial capital improvement plan, and the remaining funds dispersed over the remaining 19 years as shown in the Reserve Schedule. The actual scheduling of window and skylight replacement can be adjusted as required. It is important to note that the cost estimates for windows may vary since they were based on assumptions as noted.

Continued:

ITEM 11: FRENCH DOOR DECKS

Deck Stationary and Operable French Glass Doors

Every unit contains a 7'-6" x 6-8" rear deck opening with 2 stationary French glass doors, and 1 operable French glass door. 20 exterior doors for the clubhouses and mailhouse are added for purposes of a general overall estimate. The total, therefore, is 480 (160 x 3) + 20 = 500.

NCG requested additional information and permission to proceed with a more in-depth review and unit owner survey. The Board deferred this request in an effort to save time and consulting costs, as well as to be able to produce a report in time for the January Unit Owners Meeting. The Board also noted the records may not be available or accurate and some of the previous work was not up to standards. Therefore, only assumptions and estimates are used for French door repairs and replacement as follows:

While these doors have reached their useful life, some may continue to function for several more years while others may fail. The fixed glass French Door units may last longer. The property manager and past records indicate many reports of failed glass seals and other issues. The Board reported some doors have been replaced (but very few) and the exact number is unknown. The estimated cost to replace 500 French doors at an average of \$700 each would cost \$350,000. This price is for sash replacement and or repairs only. It is assumed the frame remains. The Board would need to evaluate door replacement based on the priority and perhaps through a unit owner survey. The Reserve Schedule allocates 50% or \$175,000, as part of the initial capital improvement plan, and the balance of the funds dispersed over the remaining 19 years as shown in the Reserve Schedule. The actual scheduling of door replacement can be adjusted as required. It is important to note that the cost estimates for doors may vary since they were based on assumptions as noted.

ITEM 12: ENTRANCE AND OTHER DOORS

All entrance doors were replaced in 2016 and, therefore, are not included in the Estimated Cost and Reserve Schedule. There are other doors to storage units and utility closets that appear to have been maintained or replaced and should not require replacement at this time.

ITEM 13: Exterior Elements - Unit Light Fixtures, Door Bells, Signage, Caulking and Miscellaneous

The useful life of these elements varies with age exposure and quality of the original fixture or element. Most have a 20 year to 30 year expected useful life. As noted above, repair and replacement records were not available, so the following assumptions were used. An estimated \$20,000 (\$125 per unit x \$160) has been allocated in the Reserve Schedule as some of these repairs are part of the general maintenance budget.

ITEM 14: GUTTERS AND DOWNSPOUTS

The Reserve Study from 2015 by Advanced Reserve Solutions (RS15) indicates the Board, at that time, informed ARS the gutters and downspouts were replaced with the roofs between 2002 and 2004. However, the information supplied to ARS did not include building numbers and how many building roofs or gutter systems were replaced each year.

The RS15 schedule indicates the gutters and down spouts will need replacement in 2027 to 2029 or about 25 years. The life-expectancy will vary between 20 and 25 years depending on the quality of materials, workmanship and exposure which are unknowns or variables. The RS15 included the 2015 current cost of 20 buildings, two clubhouses, storage garage and mailhouse at \$176,000. However, metal gutters and downspouts can sometimes have extended life expectancy. Therefore, a cost increase was not included for the 10 years and \$176,000 was used in the cost schedule.

ITEM 15: HVAC SYSTEMS

Repairs to the HVAC systems have been made from the general maintenance budget with an allocation of \$75,000, \$25,000 of which is for yearly service contract maintenance, and the remaining \$50,000 for replacements. A study was made to transfer this expense to reserves but would add about \$4/ per month to the common fee. The cost to include full HVAC restoration in a short period of time would add over \$1,000,000 to the reserve expense and the Board noted unit owners already voiced their opposition to this funding in the past.

For General Information:

The exterior condenser, interior air handling and associated HVAC system components are the responsibility of the Association. The Association reported the most recent cost to replace these systems was about \$8,500 for a Studio Unit and \$12,000 for a Duplex Unit. Full replacement would cost:

There are 100 Studio Units at	\$8500 = \$	850,000
<u>There are 60 Duplex Units at</u>	<u>\$12,000 = \$</u>	<u>720,000</u>
Total replacement cost		= \$1,570,000

The Association reported that only about 6 units had full replacements and were quoted about \$1,500,000 to replace all remaining HVAC systems. The Board also reported that about 30% of the units had repairs made, and the outdoor compressors were replaced for about \$4,000 in the past 10 to 15 years. Some of these have failed over time. The Association was unable to provide exact repair information at this time.

ITEM 16: ASSOCIATION FACILITIES

The Association owns and operates two pools, two pool club houses, a mailhouse and a storage garage. This report will use the 2015 Reserve Study costs in an effort to save time and expense and the report seems very detailed. The combined costs were about \$300,000 with a useful lifespan that varied from 0 to 30 years as shown below. An estimated \$150,000 has been placed into the initial capital cost and the remaining \$150,000 allocated as shown in the Reserve Schedules.

THE CLUB AT NORWICH INN AND SPA
COMMON FEE DISTRIBUTION WORKSHEET (1)

STEP 1:

First, unit owners need to understand how the proposed budget common charges are proportionally calculated for the Studio and Duplex Units. The math shown below is based on Association By-Laws. The Studio multiplication factor is 0.96385 and the Duplex multiplication factor is 1.06021. While the math is a bit complex, for those curious of how the math works, the following summary is provided:

STUDIO UNITS: The Bylaws set the percentage for Studio Units at $10/1660 = 0.006024$. The proposed budget of \$616,567 is then multiplied by the 0.006024, then again by the 100 Studio Units which equals \$371,481. This represents the Studio Units portion of the operating budget (only) and is divided by 100 to establish the common fee of \$309.57 for Studio Units. See lines 4, 10 & 15 in the worksheet.

DUPLEX UNITS:

The Bylaws set the percentage for Duplex Units at $11/1660 = 0.006627$. The proposed budget of \$616,567 is then multiplied by the 0.006627, then again by the 60 Duplex Units which equals \$245,177. This represents the Duplex Units portion of the operating budget (only) and is divided by 60 to establish the common fee of \$340.52 for Duplex Units. See line 5, 11 & 16 in the worksheet.

The Club at Norwich Inn & Spa - Common Fee Distribution Worksheet						
1	Calculation of Fees - Step 1					
2	Percentage - Bylaws	Fraction	Budget	Units	Check	Fee
3	Studio 10/1660	0.006024	616,658	100	371,481	309.57
4	Duplex 11/1660	0.006627	616,658	60	245,177	340.52
5	Totals & Average			160	616,658	321.18
6						
7	Fee Check					
8	Unit Type	# of Units	Fee	Month	Year	%
9	Studio Units	100	309.57	30,957	371,484	60.24%
10	Duplex Units	60	340.52	20,431	245,174	39.76%
11	Total Budget	160	321.18	51,388	616,658	100.00%

Continued

THE CLUB AT NORWICH INN AND SPA
2017 COMMON FEE DISTRIBUTION WORKSHEET (1)

STEP 2

Calculate the assessments for the Studio and Duplex Units for 2017.

The Club at Norwich Inn & Spa - 2017 Assessment Distribution						
Calculation of Fees for \$160,000 Assessment from 2017						
#	Percentage - Bylaws	Fraction	Budget	Units	Check	Fee
1	Studio 10/1660	0.006024	160,000	100	96,386	80.32
2	Duplex 11/1660	0.006627	160,000	60	63,614	88.35
3	Totals & Average			160	160,000	83.33

STEP 3

ADD the operating fee to the Assessment to establish an equivalent monthly common fee:

STUDIO UNITS:

#	Studio Units 2017	Fee	Notes
1	Common Fee	309.57	
2	Assessment 2017	80.32	Based on \$160,000 Assessment
3	2017 Total Fee	389.89	This includes the Assessment

As shown, for Studio Units, the 2017 combined operating and assessment common fee was **\$389.89** per month when averaged over a 12-month yearly budget.

DUPLEX UNITS:

#	Duplex Units 2017	Fee	Notes
1	Common Fee	340.52	
2	Assessment 2017	88.35	Based on \$160,000 Assessment
3	2017 Total Fee	428.87	This includes the Assessment

As shown, for Duplex Units, the 2017 combined operating and assessment common fee was **\$428.87** per month when averaged over a 12-month yearly budget.

**RESERVE SCHEDULE OPTION 1: 3-MILLION-DOLLAR LOAN
20-YEAR TERM AT 5.28% WITH 10 YEAR RESET – REFINANCE**

Page 1 of 4

NORWICH INN & SPA RESERVE SCHEDULE - OPTION 1		2018 to 2020				
Item #	Project Description	Current Value	20 Year Value	2018 Year 1	2019 Year 2	2020 Year 3
	Age of complex varies 1986-1989			32	33	34
1	Administration, Clerk, Consultants, Legal, Loan Fees, Other	153,000	153,000	153,000		
2	Asphalt Roads & Parking - New	444,000	444,000	444,000		
3	Site Elements: Trees, Walls, Lights, Fences, All	250,000	250,000	117,000	7,000	7,000
4	Rear Decks - PT Decking & Synthetic Rails	320,000	320,000	160,000	160,000	
5	Entrance Stairs & Terraces - PT Decking & Synthetic Rails	915,000	915,000	457,500	457,500	
6	Roofs	670,000	670,000			
7	Painting - Exterior trim repairs	45,000	45,000	45,000		
8	Painting - Buildings Only	240,000	850,000	80,000	80,000	80,000
9	Painting - Rear Decks & Entrance Terraces (Decking)	136,000	336,000			
10	Windows & Skylights	300,000	300,000	150,000	8,000	8,000
11	Deck Stationary Doors & Operable - all	350,000	350,000	175,000	9,000	9,000
12	Entrance Doors & Others - Completed in 2016	0	0			
13	Exterior Elements - Other	20,000	20,000	18,500	1,500	
14	Gutters and Downspouts	176,000	176,000			
15	Attic Insulation, Crawl Space Repairs & Other	200,000	200,000	100,000	50,000	50,000
16	Association Facilities: Clubhouses, Pools, Mailhouse, etc.	250,000	250,000	50,000	10,500	10,500
17	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE	4,469,000	5,279,000	1,950,000	783,500	164,500
18	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE-20 YR	5,279,000				2,898,000
	RESERVE SUMMARY WITH LOAN					
R1	Reserve Balance at Start of Year January 1, 2018			240,000	1,320,000	581,200
R2	Annual reserve Funding with 5% increase per year			30,000	31,500	33,075
R3	Annual Reserve Funding per unit/mo. with 5%			16	16	17
R4	Capital / Reserve Expense			1,950,000	783,500	164,500
R5	Reserve Balance			-1,680,000	568,000	449,775
R6	Loan & Interest			3,000,000	13,200	5,812
R7	Loan Notes					

**RESERVE SCHEDULE OPTION 1: 3-MILLION-DOLLAR LOAN
20-YEAR TERM AT 5.28% WITH 10 YEAR RESET – REFINANCE**

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NORWICH INN & SPA RESERVE SCHEDULE - OPTION 1		2021 TO 2026					
Item	Project	2021	2022	2023	2024	2025	2026
#	Description	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
	Age of complex varies 1986-1989	35	36	37	38	39	40
1	Administration, Clerk, Consultants, Legal, Loan Fees, Other						
2	Asphalt Roads & Parking - New						
3	Site Elements: Trees, Walls, Lights, Fences, All	7,000	7,000	7,000	7,000	7,000	7,000
4	Rear Decks - PT Decking & Synthetic Rails						
5	Entrance Stairs & Terraces - PT Decking & Synthetic Rails						
6	Roofs						
7	Painting - Exterior trim repairs						
8	Painting - Buildings Only						94,000
9	Painting - Rear Decks & Entrance Terraces (Decking)					156,000	
10	Windows & Skylights	8,000	8,000	8,000	8,000	8,000	8,000
11	Deck Stationary Doors & Operable - all	9,000	9,000	9,000	9,000	9,000	9,000
12	Entrance Doors & Others - Completed in 2016						
13	Exterior Elements - Other						
14	Gutters and Downspouts						
15	Attic Insulation, Crawl Space Repairs & Other						
16	Association Facilities: Clubhouses, Pools, Mailhouse, etc.	10,500	10,500	10,500	10,500	10,500	10,500
17	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE	34,500	34,500	34,500	34,500	190,500	128,500
18	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE-20 YR						
	RESERVE SUMMARY WITH LOAN						
R1	Reserve Balance at Start of Year January 1, 2018	455,587	460,372	466,941	475,398	485,855	342,427
R2	Annual reserve Funding with 5% increase per year	34,729	36,465	38,288	40,203	42,213	44,324
R3	Annual Reserve Funding per unit/mo. with 5%	18	19	20	21	22	23
R4	Capital / Reserve Expense	34,500	34,500	34,500	34,500	190,500	128,500
R5	Reserve Balance	455,816	462,337	470,729	481,101	337,568	258,250
R6	Loan & Interest	4,556	4,604	4,669	4,754	4,859	3,424
R7	Loan Notes						

**RESERVE SCHEDULE OPTION 1: 3-MILLION-DOLLAR LOAN
20-YEAR TERM AT 5.28% WITH 10 YEAR RESET – REFINANCE**
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NORWICH INN & SPA RESERVE SCHEDULE - OPTION 1		2027 TO 2032					
Item	Project	2027	2028	2029	2030	2031	2032
#	Description	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	Age of complex varies 1986-1989	41	42	43	44	45	46
1	Administration, Clerk, Consultants, Legal, Loan Fees, Other						
2	Asphalt Roads & Parking - New						
3	Site Elements: Trees, Walls, Lights, Fences, All	7,000	7,000	7,000	7,000	7,000	7,000
4	Rear Decks - PT Decking & Synthetic Rails						
5	Entrance Stairs & Terraces - PT Decking & Synthetic Rails						
6	Roofs	224,000	223,000	223,000			
7	Painting - Exterior trim repairs						
8	Painting - Buildings Only	94,000	94,000				
9	Painting - Rear Decks & Entrance Terraces (Decking)						60,000
10	Windows & Skylights	8,000	8,000	8,000	8,000	8,000	8,000
11	Deck Stationary Doors & Operable - all	9,000	9,000	9,000	9,000	9,000	9,000
12	Entrance Doors & Others - Completed in 2016						
13	Exterior Elements - Other						
14	Gutters and Downspouts	176,000					
15	Attic Insulation, Crawl Space Repairs & Other						
16	Association Facilities: Clubhouses, Pools, Mailhouse, etc.	10,500	10,500	10,500	10,500	10,500	10,500
17	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE	528,500	351,500	257,500	34,500	34,500	94,500
18	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE-20 YR						
	RESERVE SUMMARY WITH LOAN						
R1	Reserve Balance at Start of Year January 1, 2018	261,675	909,715	616,179	416,151	439,688	466,154
R2	Annual reserve Funding with 5% increase per year	46,540	48,867	51,310	53,876	56,569	59,398
R3	Annual Reserve Funding per unit/mo. with 5%	24	25	27	28	29	31
R4	Capital / Reserve Expense	528,500	351,500	257,500	34,500	34,500	94,500
R5	Reserve Balance	-220,285	607,081	409,989	435,526	461,757	431,052
R6	Loan & Interest	1,130,000	9,097	6,162	4,162	4,397	4,662
R7	Loan Notes	Loan balance of 1.87 million + 1.13 million = 3 million new loan					

**RESERVE SCHEDULE OPTION 1: 3-MILLION-DOLLAR LOAN
20-YEAR TERM AT 5.28% WITH 10 YEAR RESET – REFINANCE**

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NORWICH INN & SPA RESERVE SCHEDULE - OPTION 1		2033 TO 2037				
Item	Project	2033	2034	2035	2036	2037
#	Description	Year 16	Year 17	Year 18	Year 19	Year 20
	Age of complex varies 1986-1989	47	48	49	50	51
1	Administration, Clerk, Consultants, Legal, Loan Fees, Other					
2	Asphalt Roads & Parking - New					
3	Site Elements: Trees, Walls, Lights, Fences, All	7,000	7,000	7,000	7,000	7,000
4	Rear Decks - PT Decking & Synthetic Rails					
5	Entrance Stairs & Terraces - PT Decking & Synthetic Rails					
6	Roofs					
7	Painting - Exterior trim repairs					
8	Painting - Buildings Only		82,000	82,000	82,000	82,000
9	Painting - Rear Decks & Entrance Terraces (Decking)	60,000	60,000			
10	Windows & Skylights	8,000	8,000	8,000	8,000	6,000
11	Deck Stationary Doors & Operable - all	9,000	9,000	9,000	9,000	13,000
12	Entrance Doors & Others - Completed in 2016					
13	Exterior Elements - Other					
14	Gutters and Downspouts					
15	Attic Insulation, Crawl Space Repairs & Other					
16	Association Facilities: Clubhouses, Pools, Mailhouse, etc.	10,500	10,500	10,500	10,500	11,000
17	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE	94,500	176,500	116,500	116,500	119,000
18	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE-20 YR					2,381,000
	RESERVE SUMMARY WITH LOAN					
R1	Reserve Balance at Start of Year January 1, 2018	435,714	407,939	301,004	256,275	214,536
R2	Annual reserve Funding with 5% increase per year	62,368	65,486	68,761	72,199	75,809
R3	Annual Reserve Funding per unit/mo. with 5%	32	34	36	38	39
R4	Capital / Reserve Expense	94,500	176,500	116,500	116,500	119,000
R5	Reserve Balance	403,581	296,925	253,265	211,973	171,345
R6	Loan & Interest	4,357	4,079	3,010	2,563	2,145
R7	Loan Notes					3,462,209

RESERVE SCHEDULE OPTION 2: 3-MILLION-DOLLAR LOAN
15-YEAR TERM AT 5.28%
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NORWICH INN & SPA RESERVE SCHEDULE - OPTION 2		2018 to 2020				
Item #	Project Description	Current Value	20 Year Value	2018 Year 1	2019 Year 2	2020 Year 3
	Age of complex varies 1986-1989			32	33	34
1	Administration, Clerk, Consultants, Legal, Loan Fees, Other	153,000	153,000	153,000		
2	Asphalt Roads & Parking - New	444,000	444,000	444,000		
3	Site Elements: Trees, Walls, Lights, Fences, All	250,000	250,000	117,000	7,000	7,000
4	Rear Decks - PT Decking & Synthetic Rails	320,000	320,000	160,000	160,000	
5	Entrance Stairs & Terraces - PT Decking & Synthetic Rails	915,000	915,000	457,500	457,500	
6	Roofs	670,000	670,000			
7	Painting - Exterior trim repairs	45,000	45,000	45,000		
8	Painting - Buildings Only	240,000	850,000	80,000	80,000	80,000
9	Painting - Rear Decks & Entrance Terraces (Decking)	136,000	336,000			
10	Windows & Skylights	300,000	300,000	150,000	8,000	8,000
11	Deck Stationary Doors & Operable - all	350,000	350,000	175,000	9,000	9,000
12	Entrance Doors & Others - Completed in 2016	0	0			
13	Exterior Elements - Other	20,000	20,000	18,500	1,500	
14	Gutters and Downspouts	176,000	176,000			
15	Attic Insulation, Crawl Space Repairs & Other	200,000	200,000	100,000	50,000	50,000
16	Association Facilities: Clubhouses, Pools, Mailhouse, etc.	250,000	250,000	50,000	10,500	10,500
17	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE	4,469,000	5,279,000	1,950,000	783,500	164,500
18	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE-20 YR	5,279,000				2,898,000
	RESERVE SUMMARY WITH LOAN					
R1	Reserve Balance at Start of Year January 1, 2018			240,000	1,320,000	581,200
R2	Annual reserve Funding with 5% increase per year			30,000	31,500	33,075
R3	Annual Reserve Funding per unit/mo. with 5%			16	16	17
R4	Capital / Reserve Expense			1,950,000	783,500	164,500
R5	Reserve Balance			-1,680,000	568,000	449,775
R6	Loan & Interest			3,000,000	13,200	5,812
R7	Loan Notes					

**RESERVE SCHEDULE OPTION 2: 3-MILLION-DOLLAR LOAN
15-YEAR TERM AT 5.28%**

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NORWICH INN & SPA RESERVE SCHEDULE - OPTION 2		2021 TO 2026					
Item	Project	2021	2022	2023	2024	2025	2026
#	Description	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
	Age of complex varies 1986-1989	35	36	37	38	39	40
1	Administration, Clerk, Consultants, Legal, Loan Fees, Other						
2	Asphalt Roads & Parking - New						
3	Site Elements: Trees, Walls, Lights, Fences, All	7,000	7,000	7,000	7,000	7,000	7,000
4	Rear Decks - PT Decking & Synthetic Rails						
5	Entrance Stairs & Terraces - PT Decking & Synthetic Rails						
6	Roofs						
7	Painting - Exterior trim repairs						
8	Painting - Buildings Only						94,000
9	Painting - Rear Decks & Entrance Terraces (Decking)					156,000	
10	Windows & Skylights	8,000	8,000	8,000	8,000	8,000	8,000
11	Deck Stationary Doors & Operable - all	9,000	9,000	9,000	9,000	9,000	9,000
12	Entrance Doors & Others - Completed in 2016						
13	Exterior Elements - Other						
14	Gutters and Downspouts						
15	Attic Insulation, Crawl Space Repairs & Other						
16	Association Facilities: Clubhouses, Pools, Mailhouse, etc.	10,500	10,500	10,500	10,500	10,500	10,500
17	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE	34,500	34,500	34,500	34,500	190,500	128,500
18	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE-20 YR						
	RESERVE SUMMARY WITH LOAN						
R1	Reserve Balance at Start of Year January 1, 2018	455,587	460,372	466,941	475,398	485,855	342,427
R2	Annual reserve Funding with 5% increase per year	34,729	36,465	38,288	40,203	42,213	44,324
R3	Annual Reserve Funding per unit/mo. with 5%	18	19	20	21	22	23
R4	Capital / Reserve Expense	34,500	34,500	34,500	34,500	190,500	128,500
R5	Reserve Balance	455,816	462,337	470,729	481,101	337,568	258,250
R6	Loan & Interest	4,556	4,604	4,669	4,754	4,859	3,424
R7	Loan Notes						

**RESERVE SCHEDULE OPTION 2: 3-MILLION-DOLLAR LOAN
15-YEAR TERM AT 5.28%**

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NORWICH INN & SPA RESERVE SCHEDULE - OPTION 2		2027 TO 2032					
Item	Project	2027	2028	2029	2030	2031	2032
#	Description	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	Age of complex varies 1986-1989	41	42	43	44	45	46
1	Administration, Clerk, Consultants, Legal, Loan Fees, Other						
2	Asphalt Roads & Parking - New						
3	Site Elements: Trees, Walls, Lights, Fences, All	7,000	7,000	7,000	7,000	7,000	7,000
4	Rear Decks - PT Decking & Synthetic Rails						
5	Entrance Stairs & Terraces - PT Decking & Synthetic Rails						
6	Roofs						
7	Painting - Exterior trim repairs						
8	Painting - Buildings Only	94,000	94,000				
9	Painting - Rear Decks & Entrance Terraces (Decking)						60,000
10	Windows & Skylights	8,000	8,000	8,000	8,000	8,000	8,000
11	Deck Stationary Doors & Operable - all	9,000	9,000	9,000	9,000	9,000	9,000
12	Entrance Doors & Others - Completed in 2016						
13	Exterior Elements - Other						
14	Gutters and Downspouts						
15	Attic Insulation, Crawl Space Repairs & Other						
16	Association Facilities: Clubhouses, Pools, Mailhouse, etc.	10,500	10,500	10,500	10,500	10,500	10,500
17	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE	128,500	128,500	34,500	34,500	34,500	94,500
18	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE-20 YR						
	RESERVE SUMMARY WITH LOAN						
R1	Reserve Balance at Start of Year January 1, 2018	261,675	182,331	104,521	122,377	142,976	166,476
R2	Annual reserve Funding with 5% increase per year	46,540	48,867	51,310	53,876	56,569	59,398
R3	Annual Reserve Funding per unit/mo. with 5%	24	25	27	28	29	31
R4	Capital / Reserve Expense	128,500	128,500	34,500	34,500	34,500	94,500
R5	Reserve Balance	179,715	102,698	121,332	141,753	165,046	131,374
R6	Loan & Interest	2,617	1,823	1,045	1,224	1,430	1,665
R7	Loan Notes						

**RESERVE SCHEDULE OPTION 2: 3-MILLION-DOLLAR LOAN
15-YEAR TERM AT 5.28%**

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NORWICH INN & SPA RESERVE SCHEDULE - OPTION 2		2033 TO 2037					
Item	Project	2033	2034	2035	2036	2037	
#	Description	Year 16	Year 17	Year 18	Year 19	Year 20	
	Age of complex varies 1986-1989	47	48	49	50	51	
1	Administration, Clerk, Consultants, Legal, Loan Fees, Other						
2	Asphalt Roads & Parking - New						
3	Site Elements: Trees, Walls, Lights, Fences, All	7,000	7,000	7,000	7,000	7,000	
4	Rear Decks - PT Decking & Synthetic Rails						
5	Entrance Stairs & Terraces - PT Decking & Synthetic Rails						
6	Roofs	224,000	223,000	223,000			
7	Painting - Exterior trim repairs						
8	Painting - Buildings Only		82,000	82,000	82,000	82,000	
9	Painting - Rear Decks & Entrance Terraces (Decking)	60,000	60,000				
10	Windows & Skylights	8,000	8,000	8,000	8,000	6,000	
11	Deck Stationary Doors & Operable - all	9,000	9,000	9,000	9,000	13,000	
12	Entrance Doors & Others - Completed in 2016						
13	Exterior Elements - Other						
14	Gutters and Downspouts	58,000	59,000	59,000			
15	Attic Insulation, Crawl Space Repairs & Other						
16	Association Facilities: Clubhouses, Pools, Mailhouse, etc.	10,500	10,500	10,500	10,500	11,000	
17	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE	376,500	458,500	398,500	116,500	119,000	
18	TOTAL CAPITAL EXPENDITURES / RESERVE EXPENSE-20 YR					2,381,000	
	RESERVE SUMMARY WITH LOAN						
R1	Reserve Balance at Start of Year January 1, 2018	133,038	1,018,906	636,081	312,703	271,528	
R2	Annual reserve Funding with 5% increase per year	62,368	65,486	68,761	72,199	75,809	
R3	Annual Reserve Funding per unit/mo. with 5%	32	34	36	38	39	
R4	Capital / Reserve Expense	376,500	458,500	398,500	116,500	119,000	
R5	Reserve Balance	-181,094	625,892	306,342	268,401	228,337	
R6	Loan & Interest	1,200,000	10,189	6,361	3,127	2,715	
R7	Loan Notes	New Loan amount to be established					2,089,795

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